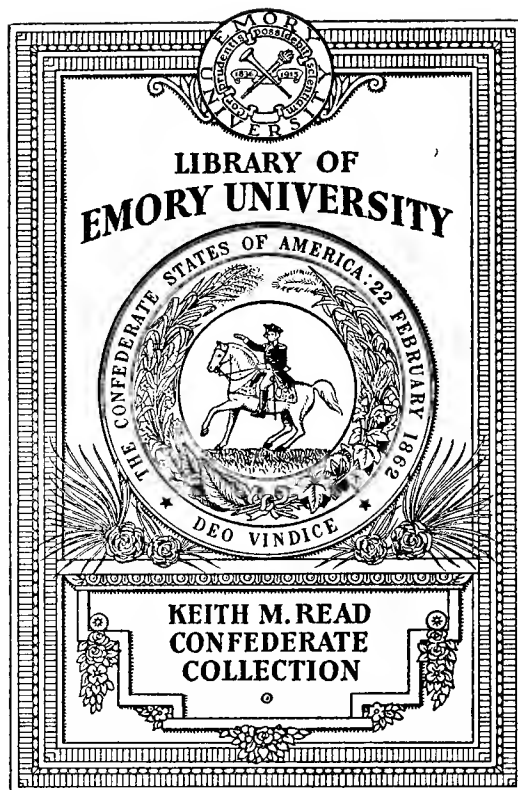


APPENDIX
TO THE
LIFE AND TIMES
OF
DUNCAN K. M^cRAE.
By GEORGE N. SANDERS, Esq.

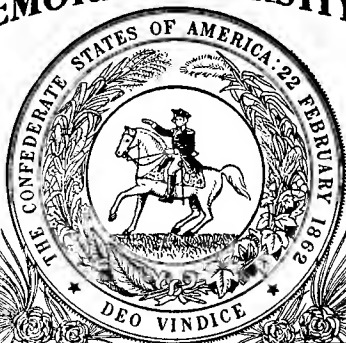
WITH HIS

Letter of Resignation to Governor Vance, as Colonel
of the 5th North-Carolina Troops.
&c., &c., &c.

RALEIGH:
"STANDARD" PRINT
1864.



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COL. McRAE'S LETTER OF RESIGNATION.

HEADQUARTERS, 5TH N. C. REGIMENT, }
Near Strausburg, Va., Nov. 14th, 1862. }

GOVERNOR:—I have this day tendered to the Adjutant General of the Confederate States, the resignation of my commission received from the Governor of North-Carolina as Colonel of the 5th Regiment of her State Troops.

I am constrained to do so, because, consistently with my sense of dignity and self-respect, I can no longer serve the government of the Confederate States.

I have now been in the service about nineteen months. With the exception of about twenty-five days, sick, I have never been absent from the post of duty. I have served under several commanders, and have *never*, in a single instance, encountered a reproof. My division commander, Major General Hill, endorses upon my resignation, in substance—"I have three times recommended Col. McRae for promotion. North-Carolina has furnished more troops and has fewer general officers than any other State. I approve Col. McRae's resignation, believing that his self-respect requires it."

Lieut. General Longstreet and Brig. Gens. Early and Rhodes, under all of whom I have served, and all of whom are familiar with my conduct, have recommended me in terms of compliment, of which I am justly proud; and there is not an officer of any grade in my division who does not freely concede to me a claim to promotion. My regiment has endured hardships—suffered privations, performed labors, executed marches—been exposed to peril, and rendered service equal to any. Its actual loss in a single engagement, while obeying immediate orders, is not surpassed, proportionately. Wherever it has encamped it has been remarked for its orderly and honest deportment. It has constantly received the approval of general officers for its promptness and fidelity in responding to every call. The public journals of the enemy's country—the diaries of prominent officers found on battlefields, and private letters of other distinguished officers of the army of the enemy, addressed to officers of my regiment, have contributed valuable testimony to its brave and gallant conduct in the fight.

So long as it retained the material element, which I had the honor to form and train, it never faltered. I claim, in some degree, the *reflection* of the lustre it has shed upon the State. Much of the time I have been in the service, I have commanded the brigade. This was the case in all the hard trials of the retreat from Manassas—in the exposed service in the trenches at Yorktown, and in that retreat; in the battles in Maryland and since that period. At the battle of South Mountain, this brigade, though isolated from all support, numbering scarce a thousand, opposed by a force of sixteen regiments, having all the advantages of position, held the enemy in check for four hours; the fire of one regiment, the 23d, killing the commanding General, Reno; that of another, the 20th, killing the enemy's cannoneers, and compelling the abandonment of his guns; whilst a third, the 13th, under Lieut. Col. Ruffin, thrice cut its way through the enemy's lines with desperate determination. Gen. Hill, I learn, applauds that fight as one of the best of the war.

Yet, on several occasions, I have been compelled to see junior officers promoted over me; officers who had not and have not yet seen a battle. Shortly after the battle of "Seven Pines," State brigades were organized. Generals Pender and Anderson were promoted and assigned to North-Carolina brigades, while the brigade in which I was senior Colonel, was assigned to the command of General Garland, *of Virginia*. I refrained from resigning then, because of the impending conflicts around Richmond, yielding to the earnest solicitation of both Generals Hill and Garland.

Since that time, Gen. Garland has made the most favorable mention of my conduct in the field, and Gen. Hill has renewed the recommendation for my promotion. The appointment of Brigadier to this command has just been announced in the person of Col. Alfred Iverson, of Georgia, who, since his entering on active service last summer, has been my junior in the brigade, and for the last two months under my command. I could not consent that a junior officer in my own command should be promoted to command me, when no allegation is made of my unfitness or unworthiness.

But, severe as is the trespass upon the individual pride of North-Carolina officers who have lately been obliged to submit to the promotion, in several instances, of citizens of other States, to the command of brigades exclusively North-Carolinian, the slur upon the State is broader, and demands the resentment of her sons in the only mode they can manifest

it. In the spirit of an earnest protest against this injustice individual, and to my State, I resign my commission.

I do not wish, however, to be idle, so long as the footsteps of the invader press our soil. If your Excellency can make my services available *in any capacity however subordinate*, they are freely tendered—in any service which will not subject me to a renewal of wrong.

I have felt bound to communicate to you, Governor, the reasons which have impelled me to surrender a commission I especially cherished, because of the magnanimity accompanying its bestowment by your predecessor, Gov. Ellis. In order to be just to myself, I have been obliged to dwell more upon the subject than my inclinations would prompt. I shall, very shortly, file in the Adj't General's office, a complete narrative of the part borne by the 5th in the events of the war, together with a list of its officers and men, the fate of those dead, and the whereabouts of the survivors.

I have the honor to be, Governor,

Your ob't serv't,

D. K. McRAE,

Col. 5th N. C.

His Excellency, Z. B. VANCE.

GEORGE N. SANDERS'S NARRATIVE.

In the summer of 1861, I addressed a communication to President Davis, through the Hon. R. M. T. Hunter, the Secretary of State, suggesting a mode by which cotton could be made available as a basis of credit in Europe; that mode being the one which, subsequently adopted in the Cotton Loan, is now familiar to the public. In the spring of 1862, I made a formal proposal to the Government to build, in Europe, six transport mail steamers, to be paid for in cotton. The President recommended my proposal to Congress, and an Act, without serious opposition, passed, authorizing a contract to be made with me. This contract, after due consideration of the plans and specifications of the vessels, was concluded, though not in the form (with reference to the mode of payment) which I had asked for; and I left Richmond for Europe on the 9th of August, reaching London on the 1st September, 1862. Upon consultation with English capitalists and builders, I soon found that the payment for the steamers would have to be made in transferable scrip at 10 cents per lb., while my contract was for cotton: the alteration being indeed but a return to my original plan of fixed prices as addressed to the government. I therefore drew up, in concert with E. P. Stringer, Esq., and other leading merchants, a form of scrip, which form was in fact then adopted by Mr. Mason in London, and a certain amount was issued at once by him for other objects. I made satisfactory arrangements for the construction of the steamers with houses of the first standing in England and Scotland, subject only to a change in the form of payment, as above mentioned. During my short stay in London after originating the cotton scrip, and arranging some details in regard to the construction of the steamers, I made inquiries in regard to tobacco and naval stores, and satisfied myself that they also could be made in a similar manner available for our great needs. I started back for Richmond on the 20th September, to obtain the approval of the Government, and to have this plan of cotton scrip adopted, not alone for the payments to be made on my steamer contract, but for a more general policy in regard to placing requisite funds in Europe. As I passed through Halifax, Nova Scotia, I made further inquiries about naval stores, and was much strengthened in my opinion in regard to their availability. I reached Richmond about the 20th of October. Government approved of everything that had been done, and I was about to return to Europe (leaving the required modifications of my contract to be completed and sent after me,) when I met with Col. D. K. McRae, of North-Carolina, a former acquaintance. Regarding him as a friend, I communicated to him what I had done in Europe, but more particularly imparted to him my views as to what could be done with the naval stores of his State, and asked him to communicate with Gov. Vance. The result was that Gov. Vance telegraphed to me at Richmond to come to Raleigh at once. I took the first train for Raleigh, and laid the whole scheme before him, which received his unqualified approval, and he told me to write out my proposal, which,

together with the Governor's acceptance of it, constituting my contract with the State, was as follows:—

(A.)

(Copy.)

RALEIGH, *December 1st, 1862.*

To Z. B. VANCE,
Governor of N. C.

Governor,

I am prepared, from knowledge derived from a recent visit to England and Nova Scotia, to enter into a contract with the State of North-Carolina for the supply of Army Stores in large quantities, receiving in payment State Scrip for Naval Stores at fixed prices, according to the form adopted by the Confederate States Government for issuing Cotton Scrip, at fixed prices, as follows:—

1,000 Gals. of Spirits Turpentine @ 50c.,.....	Scrip \$500.
125 Bbls Rosin, No. 1 Quality, @ \$4 per Bbl.,.....	“ 500.
250 Bbls. Rosin, No. 2 Quality, @ \$2 per Bbl.,.....	“ 500.

For such scrip I will deliver to your agent at Halifax, Nova Scotia, coffee, tea, boots, shoes, fixed ammunition, and clothing, at Yankee Government prices. The boots and shoes are known in Nova Scotia as fisherman's, and are warranted to be superior to “Yankee Army Shoes.” I will also deliver any number of Minie rifles, with bayonets of the best Belgian make, at \$10. Also, original percussion muskets with bayonets, at \$7 50 a piece, and altered percussion muskets, at \$4 50 a piece: freight and marine insurance from Antwerp to Halifax to be added to these prices. Also, accoutrements and equipments to correspond to the arms aforesaid, at Yankee Government prices. To assist the State of North-Carolina in effecting the secure transportation of these articles, I propose to ship them in light draught English bottoms, the State assuming the *war risk* on three-fourths the value of the vessels not exceeding three thousand dollars each, and on her cargoes. The State of North-Carolina is to pay double the rates of freight in time of peace.

One-third the carrying capacity of each vessel inward to be under the control of myself and associates, and two-thirds of the carrying capacity of each vessel outward to be under a like control. Upon such articles as have not fixed prices, but are governed by the market and Yankee government prices, and furnished the State, I propose to charge ten per cent. commissions, which will cover all ship brokerage, charges, and negotiation of scrip. The articles furnished are all to be approved by North-Carolina's agent before being shipped, and the vessels to be under the direction of captains, pilots, and supercargoes appointed by yourself or agent.

To effect a speedy and safe mode of departure from the Confederate States of your agent and myself, I propose to share the expense and risk by purchasing a fast schooner at Baltimore, freighting her with flour and corn meal, or any other legitimate article of trade. To effect this purchase *five thousand dollars* of the bonds of the State of North-Carolina can be used, and the State will be credited with whatever amount the said bonds produce in market in Baltimore, say at the rate of 70c. in the dollar. In event the vessel and cargo shall arrive out safe, they will be made

available in the purchase and transportation of the military supplies aforesaid.

If these propositions meet with your Excellency's approval, your approval endorsed hereon, accompanied by a schedule stating what is needed by the State of North-Carolina, may constitute the contract.

I propose that of the one-third inward cargo to which I am entitled under this contract, salt shall constitute the major part, which I will furnish the State of North-Carolina at the rate of \$30 per sack, to be paid in Naval Scrip aforesaid.

Respectfully,
GEO. N. SANDERS.

(Signed)

EXECUTIVE DEPARTMENT OF No. Ca., }
Raleigh, Dec. 22d, 1862. }

The foregoing contract or offer agreed to, and I agree to take for the State of No. Ca. on terms named,

2,000 muskets, first class,
400 Enfield rifles, with bayonets,
100 Belgian telescopic guns,
500,000 rounds of fixed ammunition to suit.

Fill up balance of cargo with army shoes and a few bales of woollens cloth.

(Signed)

Z. B. VANCE,
Gov. of No. Ca.

This bill (except the telescopic guns) may be duplicated to the number of ten thousand muskets and two thousand Enfield rifles and ammunition, shoes and cloth in proportion.

(Signed)

Z. B. VANCE.

Form of scrip accompanying the contract.—

STATE OF NORTH-CAROLINA.

\$1,000 Bond.

Naval Store Certificate.

No.

This is to certify that _____ is proprietor of _____ which shall be delivered by the State of North-Carolina to _____ or order, at the port of Wilmington, North-Carolina, subject only for charges putting on board ship. The _____ will be delivered as soon as demanded by the holder of this certificate, upon the State receiving thirty days' notice of such demand. The demand must be made within six months after the declaration of peace between the present belligerents in America; and if made before such declaration of peace, the excess of freights beyond those usual in times of peace to be paid by the holder of the certificate: in default of a demand within that period, this certificate may be discharged by the payment of one thousand dollars with interest at six per cent. per annum from the date of the issue endorsed hereon.

This certificate will confer no right until verified and indorsed by the Commissioner of the State of North-Carolina.

Col. McRae had just resigned his commission in the army, and informed me that he would like above all things to take the trip to Europe, and asked me to suggest to Gov. Vance that he should be appointed commissioner. I said to the Governor (Col. McRae being present) that he had better send out Col. McRae to inspect the goods, which I was to furnish under the contract, and to verify the bonds; that the bonds could not be matured into a negotiable form at Raleigh, lest capture should throw them into the hands of the Yankees; that the mode adopted by the Confederate Government was to have the bonds verified by a commissioner in London. The Governor consented, if Col. McRae was willing to go, and the Colonel, with a good deal of modest hesitancy, accepted the mission that he had so earnestly sought to obtain through me. I do not mean that I had any personal influence with Gov. Vance, but to satisfy him of the importance of such an agent or commissioner to assist in establishing a value to the Naval Store Scrip rested entirely with me: there being plenty of Confederate officers in Europe who could have acted as inspectors. The Confederate Government were pressing me to be off for Europe, and I was most anxious to leave, and as it was agreed that Col. McRae should accompany me as agent for the purposes before explained, I did not think it necessary to give a more formal shape to my contract with the State of North-Carolina, and I left Raleigh within a few hours, without even taking a certified copy, but with the understanding that the contract should follow. The reasons for sending out a special agent were that some alteration in the practical working of the contract might become necessary, also to assure capitalists that the scrip used in the execution of my contract perfectly secured the Naval Stores. I assured Gov. Vance that with the assistance of an intelligent agent I had no doubt but that I could make the Naval Stores of his State available in the purchasing of all supplies, and in running the blockade. I left, with the understanding that if I were successful I might expect further orders, and I have reason for believing that further orders from Gov. Vance, intended for me to execute, have been received and withheld from me by Col. McRae.

Now, to show how perfectly safe Col. McRae regarded the honor and interest of North-Carolina in my hands, and what slight consequence to the success of the enterprise did he attach to his own mission in connexion with it, I give his letter to me, dated Richmond, 13th December, 1862:—

DEAR SIR,

I propose to leave the country by way of Charleston, and as you go by another route, I write to say that in the event of my capture you will proceed to execute the contract as agreed on between you and Gov. Vance; and upon the purchase of the articles specified, I will verify and indorse the remainder of the scrip of which you have one copy, and for the purpose of inspecting the articles purchased, you are at liberty to select any army or navy officers of the Confederate States, or any merchant of character and position, whose judgment can be relied on.

I am, very respectfully,

D. R. McRAE,
Colonel and Commissioner for the
State of North-Carolina.

North Carolina had already an agent in London, (Mr. Jno. White,) and it is remarkable that I am not even asked to confer with him. I did not know that North Carolina had an agent in Europe at the time I made the unnecessary application to Gov. Vance for Col. McRae. It was, however, known to Col. McRae, and the undisguised fact is, he wanted a trip to Europe at public expense, and a promising financial job. Almost immediately after my return to Richmond the Yankees had occupied the Northern neck in Virginia, and seriously threatened to cut Richmond off from all connexion with the Chesapeake Bay. I had, therefore, to abandon the favorite route by which I had entered Virginia on my return from Europe.

To increase the probabilities of some one getting through to execute my undertakings, my son, Maj. Reid Sanders, of the Confederate army, received from Secretary Benjamin (to whose department he had been assigned) leave to go to Europe with full powers and instructions from me. Col. McRae and my son were to have sailed from Charleston together, whilst I went by the more safe but slow and circuitous route by Matamoras. The steamer in which Col. McRae and Maj. Sanders left Charleston met with difficulties before leaving the harbour, and had to return. My son, impatient at the probable delay of some weeks, bought a yacht and loaded it with cotton and turpentine, at an expense of some \$5,000, and was captured in attempting to run the blockade; and in violation of the cartel between the governments, which required him to be given up within ten days, was, at last advices, held in close confinement at Fort Warren, Boston. The Yankee Government, regarding the enterprise in which I was engaged as of so much importance to the Confederate cause, have not hesitated to trample on good faith, to throw every possible obstruction in my path. I left Richmond on the 14th December, and did not reach London until the first week in March, traveling 8,000 miles at enormous expense, and at great personal deprivation. Col. McRae had arrived a few days before me. I found him without money, restless, dispirited, and anxious to return home, declaring that nothing could be done; that I had agreed to give a great deal too much for the Naval Stores; that he could have bought them from Gov. Vance at fifty per cent. less, (this I can abundantly prove, if he should venture to deny it,) and that my sanguine temperament had deceived me; and he further said that he would sell the Naval Stores at fifty cents on the dollar, or anything he could get for them to supply his own personal wants, and mentioned the fact that some friends of his sent in goods from Nassau, upon which immense profits were realized, and here he was without money enough to pay his week's board. He talked as though I had committed a great outrage upon him by assuring Gov. Vance that it was not necessary to give him much money, that the Naval Stores could be made at once available for all incidental cash expenses, saving the State a considerable sum, exchange on London being then at the rate of three hundred and twenty. Col. McRae said that he cared not for this saving, and but for me Gov. Vance would have advanced him money enough to live as became a representative of North Carolina. I replied, that before his return he would be very thankful to me for having prevented Gov. Vance from drawing upon his very scanty means available for exchange. I handed him forty pounds, and told him that I would let him have as much money as he wanted, which I did through my friend, Mr. E. P. Stringer. The money revived him a little. I then told him that I did not in the least participate in his fears; I had neither seen or heard anything but what was in the highest degree encouraging; that at Halifax, Nova Scotia, Naval Store Scrip was regarded with a great deal

more favour than cotton. In evidence of the value of Naval Store Scrip, and the high credit of North-Carolina, I informed Col. McRae that one of the leading merchants of Halifax had agreed to build a fast, light draught schooner, to carry out that part of my contract relating to running the blockade; which advantages, under my contract, the State insuring three-fourths the value of the bottoms of the vessels, I afterwards cheerfully surrendered, because Col. McRae believed it to be to the interest of the State to transport the goods by the more rapid if not the more safe way of fast steamers, although, as before stated, I had already ordered one vessel to be built, the bills for which to the amount of \$6,000 are now becoming due, and have arrived in London, Col. McRae absolutely refusing to let me complete any part of my contract, thus depriving me of any facilities it might give to meet the payment of said bills. I introduced Col. McRae to E. P. Stringer, Esq., of the house of W. S. Lindsay & Co., and now at the head of the house of Stringer, Pembroke & Co., an intelligent and influential merchant. Mr. Stringer gave us great encouragement, and we engaged him to negotiate the sale of the scrip for us, and to see generally what could be done in regard to the execution of the contract. In a few days Col. McRae reported that he had a proposition from Isaacs, Campbell & Co., to supply the goods at the cash market value, they taking the scrip at par in payment. I consulted Mr. Stringer upon the proposal of Isaacs, Campbell & Co., and as he had no doubts about our ability to raise the money on the scrip, we declined the proposition, preferring to enter the market for purchases with ready cash. The only objection Col. McRae had to the rejection of Isaacs, Campbell & Co's proposition, was the fear of some disastrous news from Vicksburg, Wilmington or Charleston. Mr. White, an agent for North-Carolina, had been in London for some time, and had unselfishly yielded to appeals made to him to suspend all negotiations for his State until the general Confederate Loan should be taken up. Mr. White and his banker representing the larger interest of North-Carolina, in like manner appealed to us not to enter the market with the Naval Store Scrip until their Cotton Scrip Loan of £300,000 should be subscribed, and I did not hesitate to run the *War Risk*, on my contract of £47,500, rather than jeopardize the State Loan of £300,000. Upon our holding back the Naval Store Scrip from the market, Mr. White further agreed to advance us their par value of £47,500, in order that there should be no delay in the fulfilment of my contract. To perfect this arrangement, Col. McRae, on the 28th March, 1863, wrote the following letter:—

43, ST. JAMES PLACE,
28, 3, '63.

G. N. SANDERS, ESQ.,

MY DEAR SIR,

My powers do not at all allow of my substituting Cotton for Naval Stores. I am, however, quite prepared to allow Mr. White to put bonds in of the value of \$228,000 of the State of North-Carolina, signed by the Govr. of the State, as per documents which I will produce showing my ability to act. These bonds are based on a sale of spirits of turpentine and rosin: the whole stock is in the hands of the Governor, and will only come through you. In putting the documents in the hands of Mr. White, to place as security for his advancing the State the \$228,000 at \$1 80 per £ sterling, which he is to raise on cotton, I do so believing that it would be injudicious to the State to bring several kinds of securities and loans in the market of London, so soon after the Confederate State Loan, when the

market for Southern Securities is not fixed, and of rather a susceptible nature. I am extremely desirous of getting away from England, and to return to North-Carolina; you will therefore oblige me by getting from your friends an undertaking to let me have the money to pay for the supplies at once, or by arranging a date at which they could be paid for.

I am yours truly,

(Signed)

D. K. McRAE.

In this letter he answers a question that had been asked by Mr. Stringer as to his power to substitute cotton for Naval Stores. Mr. Stringer, with this letter in his possession, went actively to work with Messrs. Collie & Co., and raised the £300,000. Mr. White in good faith advanced us the money as agreed, upon the deposit of the Naval Store bonds, the money being placed to Col. McRae's credit with Messrs. Collie & Co., and on the day and hour of said deposit, Col. McRae went with me to E. L. Goetz, Esq., 42, Crutched Friars (with whom I had been in negotiation for the purchase of arms,) and Col. McRae endorsed as agent an order of mine as contractor, which follows:—

(Copy.)

42, CRUTCHED FRIARS, London, E. C., 15th April, 1863.

Bought of Mr. Edward L. Goetz, of 42, Crutched Friars, five thousand (5,000) rifles called Enfield Rifles according to sample approved of by Col. McRae, at the price of thirty-one shillings and sixpence per rifle, packed in cases (the leading of the cases to be paid for extra,) payment by cash for half the amount, and by acceptances of approved London firms for the other half at 30 days' date without discount. Delivery to be taken after inspection at the factory, and payment made as stated on such delivery—freight to London from the factory to be allowed. Delivery to be taken within fourteen days from date.

(Signed)

GEO. N. SANDERS.

Approved.

(Signed) D. K. McRAE.

Witness,

(Signed) CHAS. BUTLER,
42, Crutched Friars.

I may here observe that my purchasing 5,000 Enfield rifles, while my contract expressed only 2,000 Belgians, was under the prompting and direction of Col. McRae, who claimed to possess competent authority for such variation for the military benefit of the State. Gov. Vance will notice the readiness with which Col. McRae could take liberties with the contract, and freely assume responsibilities, when he had a motive therefor. What I state below as to the price which he wished me to charge the State for these Enfields, may serve to explain what that motive undoubtedly was.

It turned out, however, that Mr. Goetz was not able, without heavy loss, to make the delivery he had stipulated. He had been deceived by other parties, and could not deliver except at a much higher price. I might have enforced his contract, but only at the expense of a loss which I did not deem it either right or advisable for the interest of the Confederacy to inflict upon any fair dealer, and being satisfied that he was not in fault, and being free to deal at pleasure with my own profits, I consented,

with what I may be allowed to term my habitual facility of temper, to reduce the purchase from him to 1,200, at the price of 36 shillings. To this I obtained Col. McRae's consent. The consummation of the transaction with Mr. Goetz, (including a subsequently added purchase of some ammunition,) is shown in the following account, which was duly paid by Col. McRae.

GEORGE N. SANDERS, Esq, in Account with EDWARD L. GOETZ.

Dr.		(Arms and Ammunition Account.)		
1863.				
May 2,	To Invoice 1,200 Enfield Rifles.....	2,189	15	0
" 22,	" " " 120 m. Ball Cartridges, &c.....	443	10	4
		<u>£2,633</u>	<u>5</u>	<u>4</u>
"	To Balance.....	733	5	4
Cr.				
1863.				
April 18,	By Cash.....	1,900	0	0
"	Balance.....	<u>733</u>	<u>5</u>	<u>4</u>
		<u>£2,633</u>	<u>5</u>	<u>4</u>

At the time of the purchase of the rifles from Mr. Goetz the same gentleman made favorable offers to supply military clothing, blankets, and other articles; but at or about the same period Col. McRae came to me and said that he had been examining samples and prices of clothing, blankets, &c.; that he was anxious that I should give the orders to Mr. Collie, who understood the trade, and would only charge one per cent. commission for the purchasing. I complied with this request, giving the orders accordingly, with samples and prices fixed. The articles were of first-rate quality and the prices full, and were not to be exceeded. Col. McRae gave, as a further reason why he wanted me to give the order to Messrs. Collie & Co., that he had made very favorable arrangements with them to ship the goods, and that he did not want the bother of inspecting, as we could buy by sample, and hold Mr. Collie responsible by sample.

I regret not to have it in my power here to insert my said order to Messrs. Collie & Co. I at that time was acting in unison with Col. McRae, and with no suspicion of any meditated or possible treachery. I conveyed it to Messrs. Collie & Co. through Col. McRae, but signed by me. Unfortunately I kept no copy, and have in vain, at a subsequent date, when it had become important, tried to get a copy from Messrs. Collie & Co., as will be shown by the following correspondence, which, though out of its chronological order in my narrative, I insert here as the best substitute in my power to give for that copy of my order, which Col. McRae has subsequently found it his interest to refuse to allow to be communicated to me:—

44, DENBIGH STREET, PIMLICO, 20th July, 1862.

MESSRS. COLLIE & Co.,

DEAR SIRS,

Will you oblige me with copies of my orders for goods, and with Col. McRae's endorsement or directions in regard to such orders. Also

to what extent the orders have been executed. If any alterations by Col. McRae in said orders, please state the character of such alterations.

Yours respectfully,
(Signed)

GEO. N. SANDERS.

22, AUSTIN FRIARS, *London*, 21st July, 1863.

GEO. N. SANDERS, Esq.,

DEAR SIR,

We are favored with yours of yesterday. On referring to our order book we do not find any orders for goods in your name. The order to which you no doubt allude was handed to us by Col. McRae, and we declined to receive or execute it till we were assured that the goods were to be invoiced *direct* to the State of North-Carolina, and that we were to look to that State for payment.

We are, dear sir,

Faithfully yours,
(Signed)

ALEX. COLLIE & CO.

44, DENBIGH STREET, PIMLICO, *July 22d*, 1863.

MESSRS. COLLIE & Co.,

DEAR SIRS,

I am in receipt of your favor of to-day. I asked for copies of my orders for goods, and for any endorsement or instructions that Col. McRae may have given in regard to them. You answer that you do not find them on your order-book, but I think you can find them somewhere, as Col. McRae, in writing to me on the 23d April, says, among other things, that he had made every arrangement with you in regard to them. If you have no record of them, you must have the orders themselves. I cannot reconcile your statement to me, now coming to my knowledge for the first time, that you "declined to receive or execute" the orders, with the fact of a modest request, some weeks after you had received the orders, asking me to increase the prices on all the articles.

Lest your order book shall be deficient in another item in regard to myself, I shall take the liberty of furnishing you an exact copy of what appears to be a valuable autograph letter. It is remarkable that you were willing to give me credit (individually,) value six thousand pounds, and refuse to receive my orders for goods when endorsed by Col. McRae, he having enough money on deposit with you to pay for them. I hope that you will kindly make another effort, and give the simple information I call for.

Very respectfully,
(Signed)

GEO. N. SANDERS.

22, AUSTIN FRIARS, *London*, 22d July, 1863.

GEO. N. SANDERS, Esq.,

DEAR SIR,

In reply to yours of yours of yesterday, we have only to say that it was the State of North-Carolina, *and it alone*, that we looked to for payment of the order Col. McRae handed to us, and we would have looked to it—or its Commissioner, for payment of the arms before a single stand of them would have been delivered.

We are, yours truly,
(Signed)

ALEX. COLLIE & CO.

44, DENBIGH STREET, 23d July, 1863.

MESSRS. ALEX. COLLIE & Co.,

DEAR SIRs,

I understand by your note of the 22d that Col. McRae directed that the bills under my orders should be made out in the name of the State of North-Carolina. The orders were for goods under my contract with the State of North-Carolina, and to be paid for out of the money Mr. White advanced on the Naval Store Bonds, which money was placed on deposit with you by Col. McRae. I left to Col. McRae the details. I probably would not have contested the point with him as to the form in which the bills should be made out. I have not as yet raised the question with Col. McRae or yourself as to the manner of your doing the business, my effort has only been to get at the exact facts as to what has done been with my orders, and Col. McRae's instructions in regard to them at the time and subsequently. It will be time enough when I have your whole action before me to approve or disapprove.

I hope you will not again disappoint me by withholding from me the information I demand. I should not thus ask for it if I had any doubt about my right to do so, and of the simple and plain duty of a disinterested English merchant in the premises.

Very respectfully,
(Signed)

GEO. N. SANDERS.

22A, AUSTIN FRIARS, *London*, 23d, July, 1863.

GEO. N. SANDERS, Esq.,

DEAR SIR,

You must see that having received the order from Col. McRae, and looking to him as paymaster we have no right to give a copy of his order, or any particulars relating thereto, without his consent. If you will obtain that for us, we shall most readily give you all the information you desire.

Meantime yours faithfully,

(Signed)

ALEX. COLLIE & CO.

This last letter of Messrs. Collie & Co. was, in effect, a simple refusal of the order of which I demanded a copy. At this date Col. McRae and I held no communication together. As a means of facilitating the operation he had undertaken against me, of skirting discussion and ignoring my claims and arguments, he had taken the ground of refusing to read or answer any communication from me, and this when our joint relations to important business, and to the concerns of the State, were what I have already shown them to be. I could not apply to Col. McRae for this "consent," as I also could not doubt that it was with his full cognisance, and probably by his direction, that Collie & Co. made this extraordinary and unjustifiable refusal of a copy of my own order in their hands, the importance of which was that it was a restraint upon their and Col. McRae's prices.

I will only add to this correspondence the following document (referred to in my own letter to Messrs. Collie & Co. of July 22d,) which will show how completely Messrs. Collie & Co. understood that the money deposited with them was for the execution of my contract.

22A, AUSTIN FRIARS, *London*, 28th April, 1863.

MESSRS. H. ROGERS, SONS & Co.,

Wolverhampton.

DEAR SIRs,

The bearer, Mr. Geo. Sanders, wishes about £6,000 (six thousand)

value of arms, and we hereby extend to him a credit in your favor for that amount. Please serve him as well as you possibly can.

Yours truly,
(Signed)

ALEX. COLLIE & CO.

These orders given to Collie & Co., and provision thus made for the further prosecution of our purchases, Col. McRae went to Paris on a trip of pleasure, and I was to have notice when I should be at liberty to move in the negotiation of the Naval Stores. Scrip, the Cotton Bonds of the State not yet having been placed, and such notice I have not received yet.

Before his departure he addressed me the following letter:—

LONDON, April 23d, 1863.

DEAR SIR,

I may not see you for a week, and therefore write to say that I have made all arrangements with Mr. Collie. I have also told Mr. Goetz that he might order 800 more rifles at 32 [shillings.] The balance of arms had better be of smooth bore, which he says he can get for one pound. If so, 4,000 may be ordered, with 100 rounds of fixed ammunition, known as "ball and buck," for each, and 100 rounds rifle ammunition for each of 800 additional rifles, all to be delivered to Mr. Collie as soon as practicable, of which it will be necessary to give him due notice. The whole subject to my inspection, which I will make of the rifles after they are sent up, and of the muskets whenever Mr. G. shall desire.

Very truly,
(Signed)

D. K. McRAE.

Col. McRae's absence in Paris was about ten or fifteen days. It was during his absence that Collie & Co. gave me the letter of credit above quoted, of April 28th, with which I was to proceed to Birmingham to buy arms to the value of £6,000. But of this credit I never made use, for the reason that Mr. McRae wrote me from Paris that he had heard from Gov. Vance, and that the Governor did not now want so many guns. *This letter from Gov. Vance, was evidently the letter of March 12th, which, as will be seen below, is, at a much later day (19th June, at least six or seven weeks after his reception of it) pressed by Col. McRae into the service of his designs, in a manner as little thought of by himself at this time, as intended by the Governor.*

But although I suspended the further purchase of guns, yet I must call the Governor's attention to McRae's letter of April 23rd, telling me to buy from Mr. Goetz, 800 more rifles at 32s., and 4,000 smooth bore muskets at 20s.

An agent to advise a contractor not to exceed in price 32s. for rifles, and 20s. for smooth bores, when he knew at the time of his writing that 36s. was the price of the best rifles, and that a good smooth bore could not be bought for less than 25s. ! To place such inferior arms in the hands of our patriot soldiers, as the smaller sum would necessarily buy, I regard as about the worst crime an agent or contractor could be guilty of. Better half clothe and half shoe brave men than give them inferior weapons. The fact is, Colonel McRae looked upon this contract of mine as his last financial hope, and stood ready at all times to sacrifice, the best interest of the state or of mine, which ever in turn promised the best pickings. His whole idea seemed to be to buy cheap and sell high to the State. In regard to the guns purchased of Mr. Goetz at 32s. (at first 5,000, though

afterwards necessarily reduced to 1,200, at an advanced price), Colonel McRae made a deliberate proposition to me that he would officially allow me to charge the state at the rate of 60s. each, rifles really bought at 32s., such purchase of a different description of rifles being a deviation from the contract, which specified best Belgian rifles at 40s. and Colonel McRae as the inspecting officer of the state, declared himself to possess sufficient power to authorise the deviation with an augmentation of the price on the ground of supposed superiority of the article. My own reply to this proposal was that such a charge "would not be decent." But as my position as contractor placed me greatly in the power of Colonel McRae as inspecting and approving officer, in possession moreover of the funds of the state, I deemed it most prudent to abstain from a rupture and quarrel with him, and, therefore, left the question of price in abeyance for future settlement, when I should make up the accounts of my contract with the state. Colonel McRae had previously offered me £2,000 if I would assign my contract, which offer I declined.

Well, Col. McRae returns from Paris in the early half of May. After the arrangement made by me at Colonel McRae's request, by which the filling in of the contract was committed to Messrs. Collie and Co. on commission, an interval of several weeks ensued, during which I presumed the business of making the purchases, inspecting and approving and forwarding, to be regularly in progress, in the details of which business I had no occasion or need to intervene, when a responsible house was presumed to be furnishing and forwarding the goods, and the inspecting agent of the state was presumed to be carrying out the details of the arrangement made at his request. I may here observe that I was the more readily induced to consent to this arrangement, because not only was it the request of Col. McRae, but also because Messrs. Collie and Co. were the shipping house through which the goods were to be forwarded to the Confederate States; and by means of the samples and prices accompanying my order to Messrs. Collie and Co., I considered the proper and satisfactory fulfilment of my contract sufficiently provided for, the responsibility of inspecting and approving resting with Col. McRae.

During all this time, McRae gave me no hint of his letter from the Governor of the 12th March, in which, at a later day, he pretends to read "*instructions*" to cancel my contract; instructions so peremptory, that he could not even submit the dispute raised by him between us, to the arbitration of Mr. Mason, with or without the co-operation of Col. Lamar and Mr. White! And yet it will be seen from his letter (below) of June 24th, that he pretends that I "*could have seen at any time,*" the Governor's "*instructions!*" and that he "*never deals in subterfuge or hypocrisy!*" How could I have suspected their existence, when, for six or seven weeks, he not only withheld from me all hint of them, but went on under the subsisting arrangement, without regard to what he afterwards pretends to interpret as instructions "*peremptory in their nature.*" I have generally observed, that it is the treacherous hypocrite, who is forward to disclaim "*subterfuge and hypocrisy.*" He says (June 24th) that he "*was obliged to notify me of Governor Vance's orders, because they necessarily disavow my (his) modifications of your contract, and are peremptory in their nature.*" (Those "*modifications,*" by the way, refer merely to the number of rifles ordered by me on Col. McRae's prompting, (upon which he had wanted me to charge 60s. to the State, for an article bought for 32s.); and in point of fact, as explained above, I did not buy more than 1,200 rifles, instead of 2,000 as per my contract, so that the

only "modification" was, that they were Enfields instead of being Belgians). Well, if "obliged to notify" me, why did he wait six or seven weeks before even hinting of the existence of the so called "orders?"

Within this period we attempted, acting jointly, a negotiation of the Naval Store Bonds with Messrs. A. W. Wier & Co. Throughout the whole of it no notice was ever given me that the restriction from going into the open market with them was removed. The importance of that restriction will be seen from the following letter from the Hon. J. L. O'Sullivan, late U. S. Minister to Portugal, well known by his fearless and able publications in London,* as one of the best and truest friends of the South, with which, though a New-Yorker before the break up of the old Union, he has been led by his convictions, principles and sympathies, fully to identify himself. Mr. O'Sullivan's letter refers to an attempt to place the bonds at the end of the month of April. This was the first attempt made by me to negotiate the bonds, which there was no motive for any hurry in doing after the arrangement made with Mr. White as above narrated, by which we had procured the money for them on hypothecation. Mr. O'Sullivan's testimony is conclusive as to the extreme care with which I abstained from any sort of "hawking" of the bonds, and with which I observed the promise made to Col. White to keep them back until authorised to bring them upon the market without detriment to the larger financial interests of the State.

Letter from Hon. J^o L. O'SULLIVAN.

LONDON, July 15th, 1863.

GEO. N. SANDERS, Esq.,

DEAR SIR,

In reply to your request for a statement from me, respecting my attempt to negotiate your Naval Store Bonds in London, I have to say:—

That my attempt to do so grew out of the conversations through which I became acquainted with the matter. I said that I thought it could not be difficult to negotiate them, inasmuch as they were the Bonds of a State whose faith and honour were beyond question, and which must retain its sovereign existence and character whatever might be the event of the present war; a manifest feature of advantage attaching to them, in the probable estimation of English capitalists, over the Cotton Bonds of the Confederacy. I said I thought I knew a gentleman through whom I could arrange it, and you consented that I should propose it to him, but strictly

* I refer particularly to Mr. O'Sullivan's unanswerable pamphlets, the one of April, 1863 a letter to Professor Morse on the duty of the North to give up the war, and the certainty of the repudiation of the Northern War Debt, and the other of June, 1863, a letter to Lord Palmerston, urging the international legality, the justice and the policy of Recognition. Both of these masterly productions I know to have produced a very strong impression in England. In the spring of '82 he also published a profound and powerful work, entitled "Union, Disunion and Reunion," which will remain long after the present events, a monument of true and honest liberty, and of Mr. O'Sullivan's title to the gratitude of every Southerner, and indeed of every American, if the Americans of the North shall ever return to their right mind, after their present epoch of such a national insanity as the world has never before witnessed.

It is also within my knowledge that these publications (which involved the total sacrifice of himself at the North during our day and the present generation) constitute but a part of Mr. O'Sullivan's powerful efforts in Europe in the cause of peace, and of the just rights of the South.

subject to the following restrictions:—I might lay it in the strictest confidence before one single person, on whose secrecy I could absolutely depend. The bonds were to be held back from the market until a much larger pending business of the Cotton Bonds of the State (in the hands of Mr. White), was satisfactorily completed. They were not to be in any sense or degree “hawked” on this market; and the affair could not be proposed to more than one confidential person, accompanied with this restriction, without the operation wearing, or appearing to wear, more or less of that character. I said that such a restriction imposed great difficulty on the attempt, but I would make it. Col. McRae consented that I should do so, but with emphatic enforcement of the restriction, to which he was pledged, both by word and in writing, to Mr. White, who, as I understood, had advanced the money on a deposit of the bonds, with which you were at the time proceeding in the execution of your contract with the State. The gentleman before whom I laid it thought very well of it, but claimed the liberty of consulting one other person. I obtained the consent of yourself and Col. McRae to this. His reply to me was that it was too large an amount of money to be thus advanced, under such a restriction, by one or two parties; and we broke off with an understanding that I could renew the subject at a future time, when the existing reasons for such extreme privacy (the nature of which reasons I did not explain,) should have ceased to apply.

A few days afterwards that gentleman gave me a letter of introduction to another friend, who, he said, would be the man for my object, if any one would be, though he himself doubted its practicability. I saw that gentleman. Without giving any idea of the nature of the contemplated transaction, I simply put it in this form:—the sum of \$228,000, to be furnished on certain securities—to be furnished by, and the affair known to, but the one single person furnishing the money—that person to be first fully satisfied of the safety and large profits of the operation, the nature of which I would only expose after the assurance that if thus satisfied he could and would furnish the required amount. The answer was what I expected, namely, that no banker in London would accept such terms—that all such operations were done by combinations of several, each taking a proportion—that no one would put “so many eggs into one basket,” &c.—that if my restrictions were removed, and the operation were as advantageous as I represented, it probably could be done. I parted from him without giving the least light as to its nature, and said I would consider what further course to pursue.

I reported this to you and Col. McRae, and I understood that the matter must then lie over for the present. The matter was never further renewed by you or him to me.

I have only to add that the price to which I was limited was that of a premium of 100 per cent. on the face of the bonds; that is to say, that the party taking them was to buy at \$2 a barrel the common rosin which by the bonds was deliverable by the State at the price of \$1: the other stores in the same proportion; and that it would be at the option of the purchaser to select the description of Naval Stores to be claimed from the State, though no excessive proportion was to be claimed in the form of spirits of turpentine.

Yours truly,

J. L. O'SULLIVAN.

The subsequent attempt to negotiate them with Mr. Wier failed in consequence of McRae's artful treachery or mismanagement. The Bonds were for the delivery of naval stores at certain prices, those prices being very low, but conditional on the stores being demanded within six months after peace. It had been agreed that they should be filled in with common Rosin at \$1 per bbl. A \$1,000 bond was for 1,000 such barrels of common Rosin at that price; but if the Rosin should not be demanded within the limited time, the State remained bound only for \$1,000 in money. The true value of the bonds was in the high value of the Rosin, beyond the price at which, through the bonds, it was given by the State. If sold with reference to the mere money payable by the State, of course they could be placed on the market at the present period only at a heavy discount, probably at no higher rate than simple Confederate Treasury Notes. We demanded from Mr. Wier the price we had all along determined upon endeavoring to obtain, namely, double the face of the bonds, or, in other words, \$2 a bbl. for common Rosin. Will it then be believed, that, when Mr. Wier asked what would be the effect of the Bonds in case the Rosin in possession of the State should be destroyed by the enemy, he answered that in that event the State *would be bound only by the money face of the bonds?* Such a declaration, by the agent of the State, was fatal to any negotiation. It was plainly absurd in itself, since it is manifest that the State, on a promise to deliver a given quantity of Rosin, would be bound to deliver it, or else its market value at the time. The Wier negotiation was "squelched" by this ridiculous opinion expressed by Col. McRae, to which no effectual counter-balance was afforded by his afterwards offering to put on the bonds some endorsement, which the London lawyers at once pronounced, on inspection of his powers, that he had no authority to make, his powers being "limited to a verification of the bonds."

In reference to this Wier negotiation, I at a later day applied to Mr. Wier, as I did also to Mr. O'Sullivan, for a statement of what had passed on the subject. The following is his answer. The only thing I would add to his letter is that McRae told Mr. Wier that he had had an offer for the bonds at the price of \$1.50 per bbl. of common Rosin. Mr. Wier does not specifically mention this fact, speaking only of "advantageous terms."

Letter from A. M. WIER, Esq.

28, THREADNEEDLE STREET, London, E. C., }
July 20th, 1863. }

G. N. SANDERS, Esq.,

DEAR SIR,

Referring to the Rosin bonds for 150,000 barrels common Rosin, placed in my hands for sale, and the conversation I had with you on the subject, I regret that it was not in my power to carry it out.

The price of the Rosin in the first instance, viz: two dollars per bbl., although a liberal commission was to be allowed, was too high.

The chief difficulty, however, arose on the question of Col. McRae's power to make such an endorsement upon the bonds as would be satisfactory to the parties purchasing the Rosin.

In conversation with Colonel McRae on this point, he expressed an opinion that he had no power to do more than to verify the bonds by his endorsement, and that the Government, in case the Rosin was burned, would not be liable for any amount over the face of the bonds.

I reminded Colonel McRae that the holders of the bonds would lose (in

case the Rosin was destroyed, a dollar on each barrel), and that I believed this would be fatal to the loan being taken up. I stated that I thought that the holders of the bonds should be entitled to the full value of the Rosin at the time it might be destroyed.

Colonel McRae said he would take time to consider the point and would let me have his opinion.

I received a note from him the next day, of which the following is an extract:—

“That it is clearly within the scope of the Contract, that on demand in “the time, the Government shall supply the article or the value in money, “if from any cause he does not supply the article.”

On receipt of this note I consulted my solicitor who had Colonel McRae’s credentials, and he was clearly of opinion that Colonel McRae had no power to make a conditional contract, and that his powers were limited to a verification of the bonds.

Colonel McRae subsequently called on me and said he would soon have to return home, and would be glad if I would give him an answer in a day or two, which I agreed to do: he stated that he had met with an opportunity to place the bonds in another quarter on advantageous terms; I accordingly wrote Colonel McRae the next day, and enclosed you a copy of my letter.

Yours truly,

A. M. WIER.

This letter of Mr. Wier explains all that was done through that gentleman, and how that negotiation failed.

Whether McRae wished or meant this private negotiation of ours with Mr. Wier to fail or not, I cannot with certainty say; I strongly suspect that he did. The fact is, that very promptly afterwards he wrote me (June 19 or 20) a curt and high-handed note, astounding me by the announcement that, by virtue of instructions from Gov. Vance, he cancelled my contract! This came upon me like a thunder-clap from a sky in which I had not imagined a cloud to exist. How was it possible for me to suspect this McRae, who owed his position in the affair to me, of such an audacious stroke for a fortune, as that of taking my contract out of my hands? It was true that previous to our restricted introduction of the Naval Store Scrip to the attention of Mr. Wier, Mr. Collie introduced Col. McRae to parties in Manchester, and Col. McRae informed me, without going into particulars, that the Manchester parties looked upon the Naval Store Bonds with great favour; he did not, but should, in good faith, have reported particular progress to me, as he was pretending to act in concert with me; and I alone under the contract had the power to make the final disposition of the Scrip, so that it was at a price sufficient to complete the purchases under my contract. Col. McRae made several trips to Manchester, but made no mention to me of his negotiations or of his purchases, and I now have every reason to believe that he gave additional orders for goods without my knowledge or authority, and that he had so far succeeded in the sale of the Naval Store Scrip to the Manchester parties that he did not hesitate to abruptly terminate the negotiations with Mr. Wier that we had commenced, and without any further notice to me than that he had nullified my contract. I was not informed by Col. McRae, nor by any one, that the restrictions imposed upon the negotiation of the Naval Store Scrip had been removed. I was informed in the first place by Col. McRae that Mr. White would be in no hurry for the money he would advance on the Naval

Store Scrip, and I have as yet received no notice directly or indirectly that Mr. White was in need of the money. Col. McRae and myself had been negotiating the Scrip at a high figure, twice the sum necessary to meet the obligations of the contract, and because Mr. Wier, much restricted in his negotiations, could not sell the Scrip at one hundred per cent. premium; and under an opinion given by Col. McRae, absolutely destroying all mercantile value to the Scrip, he declared my contract abrogated, and at the same time he held a letter from me, stating that if Mr. Wier failed in consequence of the erroneous and fatal opinion that he had given, I had assurances of success with houses of the highest respectability in London. I had previously mentioned to him that Lane, Hankey and Co., a house of the very first standing, were anxious to take hold of the Naval Store Bonds as soon as the restrictions upon their negotiation could be removed. I have above given the statements of the Hon. Jno. L. O'Sullivan and A. M. Wier, Esq., the only two gentlemen with whom I had any direct communication in regard to the negotiation of the Naval Store Bonds after their deposit with Mr. White, until within a short time previous to Col. McRae's decision abruptly terminating the negotiation with Mr. Wier.

I have to regret that I did not preserve this insolent letter of McRae's of June 20th, in which, without even then showing me Gov. Vance's letter (which he had in his possession some six or seven weeks,) he curtly and coolly notified me that he cancelled my contract! It consisted of but a few lines. In my contempt for its impotence, and my indignation at its treacherous impudence, I tore it up in disgust. I considered him to be acting even more the part of a fool than of a knave, both of which characters I had already, in my own judgement of him, learned to attribute to him. He at a later day, indeed, found it necessary to disclaim having assumed the right to nullify my contract (see his letter to Mr. Stringer of July 10, below). But, though I cannot now for this reason quote its exact terms, its purport is sufficiently shown by my reply below (June 23rd), and again by mine of July 7. He at the time took no exception to my statement of the purport of his letter, and it was strictly correct. I here insert the letters that then passed between us. They will speak for themselves. I will only observe upon my second one (June 25th) that I was prevailed upon to write it (after having by my first extorted from him a copy of the Governor's letter of March 12th, then for the first time made known to me) through the entreaties of Mr. Stringer, who was anxious to effect some amicable adjustment, and who, after seeing Colonel McRae, represented to me that the angry personal imputations in my first stood in the way as an insuperable obstacle until I should withdraw them, which it will be seen I did, so far as I could with any regard to truth. For every reason of the public credit, as well as of private concern, I was desirous of avoiding such a controversy as this conduct of McRae's, if persisted in, must force upon me.

No. 8, AUSTIN FRIARS, *London*, 23d June, 1863.

COL. D. K. McRAE,

Special Agent for the State of North Carolina,

SIR,

Your extraordinary note received yesterday morning has made a painful impression. Jesuitism intensified could conceive of nothing more false than a justification of your assumption nullifying my contract with the State of North Carolina. I have patiently listened to your allegation that I was unfit for business, because I allowed the Governor fifty per cent.

more for the naval stores than could have been bargained for by you. I have, without remonstrance, allowed you to assume the duties of contractor, myself appearing semi-occasionally, and only in the interest and for the protection of the State. [This was severe truth to Col. McRae, and will be intelligible to others only upon the exhibit of a specimen of his action as appears in his letter to me of the 23rd of April.] I have allowed every alteration in the contract which you conceived to be necessary for the interest of the State, both in the articles purchased and in the manner of transportation. I have always rejected the purchasing of inferior articles of any and every sort, whatsoever the profit. I willingly declined to put the Naval Store Bonds on the market, to aid Col. White, the North Carolina representative, in negotiating the sale of the cotton bonds; the larger interest and of course the more important to the State. I kept faith with Col. White and his friends in not attempting to float the Naval Store Bonds until the Cotton Bonds were placed. You have particularly and repeatedly enjoined upon me not to move in the negotiation of the bonds, except in a certain channel and in a constrained manner. I have given large orders in the fulfilment of the contract. I refused to give any order for goods except upon samples furnished and approved by yourself. I have never raised the question of profit to myself on a single article purchased or proposed to be purchased. There has not been a week since I have been in London that I could not have floated the Naval Store Bonds for a sum sufficient faithfully to meet the obligations of the contract, not meanly, but liberally.

And this you know and have admitted. I do not know what instructions Gov. Vance may have been induced to give, actuated by an *ex parte* statement from a trusted representative; but this I do know, that with a simple statement before him (not one word of which can be denied,) Gov. Vance and the good people of North Carolina would not (if they could,) abrogate my contract, with the alterations mutually agreed upon by us. All I now ask is, time to float the Naval Store Bonds in open market, and such time only as Col. White, the representative of North Carolina, shall say from his experience is necessary. I will cheerfully surrender all my right under the contract, time, and expenditure of money, if I do not in the time specified by Col. White raise and deposit for the bonds a sufficient sum of money faithfully to meet the obligations of the contract as modified by ourselves. The sum thus raised to be determined by your friend Mr. Collie and my friend Mr. Stringer, or they in connection with Col. White to select two disinterested merchants. As I have, some time since, under your directions, given large orders for the fulfilment of the contract, the balance can easily be agreed upon, and thus little will remain to be done. There will be no need of a heavy draft on your valuable time in England, as Col. White can receive the money, and hand over the bonds. If this reasonable proposition be declined by you, I shall (however reluctantly,) test the strength and soundness of your position before a legal tribunal of this country.

Respectfully,

GEO. N. SANDERS.

(His ANSWER.)

LONDON, 31, BURY STREET, *June 24th*, 1863.

MR. GEORGE N. SANDERS,

SIR,

Offensive as your note of the 23d is to me (of which I shall not fail

to take due notice,) as it alleges a complaint against me officially, I reply to it, there has not been a moment since you have been in England, when you could have fulfilled your contract with North-Carolina with any modification which I was willing to make: on the contrary, your connection with it, assisted by such modifications as I did assume to make, has been dead weight, as all know who know anything of the matter. You never had a particle of credit which would enable you to furnish the articles agreed upon, and he will be a bold man who will assert the contrary. I had reason to suppose at one time that the Naval Store Bonds might be exchanged at heavy discount for goods at high prices, but this would have been no fulfilment of your contract, and you were unwilling at the time to make the arrangement. You have always been at liberty to receive the Bonds on supplying goods, and though I was excluded from what you call the open market by my agreement with Mr. White, for a time, that has some time been removed, and you and I have made many efforts to place the bonds and all have failed.

No "*ex parte*" or any statement has been addressed to your prejudice by me to Gov. Vance: all my correspondence will show quite the contrary; I never deal in subterfuge or hypocrisy. I was obliged to notify you of Gov. Vance's orders, because they necessarily disavow my modifications of your contract, and are peremptory in their nature; nevertheless, although they were received pending your negotiations with Mr. Wier, I did assume the responsibility of not acting on them until those negotiations failed.

Under these instructions, which you could have seen at any time, and a copy of which I now send you, I am not at liberty to make the modifications to the contract, nor to accept your proposition. Your remedy is an easy one: if Gov. Vance has done you wrong, the State of North-Carolina will not turn a deaf ear to any just complaint which you may make. If, however, you prefer to retard and hinder the interests of the State, her troops in the field, and the Confederacy by bringing her into the courts here, it is not for me only to question your course, but for the whole people of that State, and the country, and they will hold you to a rigid responsibility.

I am, sir, your obt. servt.,
(Signed)

D. K. McRAE,
Commissr. No. Ca.

P. S.—You know well that I have only lately been able to get a copy of your contract, or to see it. Orders you have given were made under a temporary arrangement with Mr. White, by me, but to be subject to the fulfilment of your contract.

(Signed)

D. K. McRAE.

(Copy enclosed in the preceding.)

STATE OF NORTH-CAROLINA,
EXECUTIVE DEPARTMENT,
RALEIGH, *March 12th, 1863.*

COL. D. K. McRAE,
MY DEAR SIR,

Circumstances occurring since your departure render it unnecessary for us to purchase the number of arms originally contemplated; I think one-fourth (say 2,500) will be a sufficient investment at present, the

legislature having declined to raise any State troops. Should you succeed in effecting a loan on your scrip, you might invest in shoes, blankets and grey cloth, and *cotton* and *wool cards* for the people.

If you have not succeeded in getting the loan, please suspend all further efforts and consult with Mr. Mason of Virginia, our commissioner to England, as I have adopted another plan through his agency, to be tried in case you and Mr. White have both failed. For various reasons, upon reflection I have concluded that I would prefer you to have the negotiation of the scrip instead of Mr. Sanders. I had no intention of letting Mr. S. hawk our paper about through Europe. I know you will appreciate my reasons. Should you be in Europe (and I am writing as though you were) I desire you to act with Mr. White, put your fortunes together, ship your purchases together, &c. Your family are well. Your various letters from Nassau were duly received.

Respectfully and truly,
(Signed) Z. B. VANCE.

After seeing this letter of Gov. Vance, the following is the note, which, under the motives above explained, I consented to write, sending it to Col. McRae through the hands of Mr. Stringer:—

No. 8, AUSTIN FRIARS, 25th June, 1863.

COL. D. K. McRAE,

SIR,

I am happy to do you justice in withdrawing the allegation that you had prompted the unfriendly instructions of Gov. Vance. On the contrary, Gov. Vance has only anticipated the line of action adopted by us; I see nothing in his instructions to warrant you in annulling the contract as modified by us, but he absolutely removes every and any difficulty in the way of its execution. I did not hold out the idea to Gov. Vance, or to any one else, that I had any other means than the contract furnished to meet its requirements. I used strong expressions in regard to your assumption in nullifying my contract, because I had nothing but your abrupt note before me. And as I have said, I do not think Gov. Vance's letter gives any warrant for such action on your part. Yet, I am anxious to withdraw any offensive words in regard to your motive in the premises.

Respectfully,
(Signed) GEO. N. SANDERS.

Notwithstanding this very moderate and reasonable course of proceeding on my part, Mr. Stringer reported to me that there was nothing to be done with Col. McRae. I next addressed to Col. McRae the following letter:—

8, AUSTIN FRIARS, 7th July, 1863.

COL. D. K. McRAE,

Special Agent for the State of North-Carolina,

SIR,

I addressed you a brief note on the 25th of June, in order to do myself justice, withdrawing expressions (on two points) not clearly warranted, reflecting upon you personally. I had the power, but did not avail myself of the occasion, to entirely refute your unjustifiable pretensions, and bare your untenable position. I did not, because Mr. Stringer assured me that the personal affair was the only thing in the way of

bringing the business part to a speedy adjustment. And notwithstanding your unconditional refusal to do anything in the premises, I shall prove my earnest desire to act for the best interest of North Carolina, by making another effort to awaken you to a sense of the consequences of an agent attempting to repudiate a contract of a sovereign State, before I resort to final coercive measures. I shall now proceed, as I should then have done, except for the reason given, to vindicate myself from wanton allegations, and to establish to the satisfaction of all true North Carolinians, that in preventing your unscrupulous usurpation of my rights, I exhibit the highest patriotism and best serve the interests and protect the honor of North Carolina and the Confederate States, by compelling you to allow me under my contract the satisfaction of making naval stores available for the great needs of North Carolina and the Confederacy. If not for the purposes of making available this element of strength to the Confederacy, I should like to know for what purpose your agency was created? Col. White was already here representing the financial and cotton interest, furnishing supplies. It is a slander upon Gov. Vance to say that he ordered the abrogation of my contract on the 12th of March the date of his letter. At that time the business had not by either of us been brought before English capitalists. The meanest Governor of the meanest Yankee State would repudiate the interpretation you place upon Gov. Vance's letter: Gov. Vance's letter simply exhibits great despondency, apprehending not only our failure, but also Col. White's; and in the event of such contingency—a contingency which has not occurred—recommends a certain line of conduct; but in the case of my contract, we had anticipated, and done everything, and more, in the same spirit that he suggested. I pronounce it an insult to my understanding to use Gov. Vance's letter as a pretext for the nullification of my contract, an act which you have not the power to do. It has not the substance of a shadow. (The body of your motive will be discovered elsewhere.) Whatever you may consider your privileges as special agent, I feel it to be my duty not only as contractor but as a patriot citizen of the Confederate States, not only to aid the agents and contractors of the Confederate States to place the cotton scrip of the Confederacy, but also to aid the agents and contractors of North Carolina or Virginia to make available their naval stores and tobacco. A large amount of capital interested in these staples, that cannot be otherwise reached, will come forward unless prevented by such an agent as you have proved yourself to be in the negotiations with A. M. Wier, Esq. All our efforts at negotiating the bonds were at 100 per cent. premium. Our very last with A. M. Wier, Esq., was at that figure; and when it promised success you gave the opinion, that in a certain contingency which might occur, the bonds could be redeemed for their face in money. And this opinion defeated the negotiation. Whether that object was designed or not you know best. Should that opinion be unfortunately adopted by Col. White, it would at once depreciate the cotton bonds to the level of the ordinary treasury note currency of the Confederacy. I protested to Mr. Wier that your opinion was contrary to law and common sense. And it comes with ill grace from you to say that I failed, when the facts are, that the negotiations were satisfactorily progressing, for double as much money as would have been required to fill the contract, when you by your unstatesmanlike opinion destroy the value of the scrip, and without further ado notify me that you have taken upon yourself to nullify my contract. There was but one other effort made by us immediately preceding the one with Mr. Wier, which was frustrated by restrictions

imposed by you, and this too would have given us double as much money as required. It is remarkable that the State agent should say I have no credit in London. The fact is, no better credit could be brought to London from the Confederate States than a contract from the Governor of North-Carolina, with a faithful agent to facilitate its execution. Your remark would imply that the sovereign State of North Carolina had no credit, and that all contracts should be given to Englishmen that might have capital of their own independent of the credit of the State.

It certainly cannot be pretended that any Confederate has individual credit or means at home that could be made available for the execution of such a contract as mine. Governor Vance did not consider it material that his agents and contractors, like those of the North, should be men of financial credit, or you, certainly, would not have been selected. I had no doubts about the credit of the State of North Carolina, and I did not insult Governor Vance by any assurance that I had means beyond those given in the contract if they were found insufficient to insure its execution.

The present controversy will prove that Governor Vance was not mistaken in the ability of his contractor; but in the practical common sense of his agent he made a painful mistake. There is no controversy about the kind or the quality of the goods to be purchased, none about transportation. The only question is whether the agent is warranted by the wording of the contract, and Governor Vance's instructions, in refusing to surrender the bonds to the contractor upon his depositing a sufficient sum of money to meet all the requirements of the contract as modified. It is clear that the contract, the letter of Governor Vance of the 12th of March, and the interest of the State, give no warrant to any such assumption on the part of the agent. At what cost to the State was the money raised for which the naval store bonds were hypothecated? Cotton that cost the State 25 cents per pound, sold at 10 cents, besides depositing a reserve fund to pay interest at 8 per cent. during the war. Common rosin cost the State but a dollar, and under my contract the State receives credit for a dollar in London, less the commission upon the bonds and goods, without any reserve fund to pay interest during the war. It therefore appears that rosin at only 40 cents per barrel, without any reserve fund for interest, would be a better transaction for the State of North Carolina than cotton at 10 cents. Now, to make my offer more intelligible, I will deposit nearly double 40 cents, say 70 cents per barrel, or such sum as two disinterested intelligent merchants shall say is sufficient to complete the execution of the contract; and the negotiation of the bonds to be entrusted to some banker only as Col. White shall first approve.— In your last note you say that I could at any time have seen the instructions of Gov. Vance, of which I knew nothing, and could not have made the application without the knowledge of your having received them, which information you withheld from me. But I now ask you to show all the letters of instruction from Gov. Vance to you, received since that of the one shown; surely you must have received other and later letters than that of the 12th March. More than a month after that date my courier left here with letters from you, which I presume must have reported all that had been done by us; and the arrival of that courier has been heard of a fortnight ago, and news has come from there as late as the 10th of June. The modification of the contract, and the arrangement with Col. White, in which all interests united in raising the money on the cotton bonds, you had no doubt, Col. White had no doubt, I had none, but that the Governor would ratify. Had any of us doubted, we would have been

false to the trust imposed upon us to have acted. Even assuming that Gov. Vance reserved the power to annul my contract (which he neither did reserve nor has dreamt of attempting to execute,) you, however, have shown no evidence to me of his disapproval. I have no reason to doubt his hearty co operation and approval of everything that has been done; certainly if you had anything to the contrary you would hasten to show it. The instructions shown by you do not justify your assumption nullifying my contract, the contract does not legalize it, nor does your position as agent for the State empower you to do so.

You have not the slightest right to inquire into my power to raise the money for the bonds; but it seems to me your duty to deliver the bonds on the money being deposited, which I repeat my offer to do.

You have chosen to make the issue as to patriotic action, and you have from the first known that I would rather meet all the requirements of my contract, whatever the loss, than to fail. (But the question with us has always been the amount of profit and not of loss.) Now, I assert there has not been a moment of time that you have given me the power to fill my contract; for it is self-executing, without loss.

The responsibility of exposing to legal authority the supplies only will rest upon you. I demand the bonds only, and it is your duty; if you wish to protect the supplies, to place the bonds where they can be legally reached. That done, I pledge myself not to retard the transportation of the supplies purchased by us. I do not wish arbitrarily to oppose my opinion to that of the agent for North-Carolina; and I am therefore willing to leave it to Mr. Mason, our representative here, who cannot be accused of any personal partiality for myself; but in his Roman integrity and honor I have every confidence. And he can associate with him, if you desire it, Col. Lamar, another of our representatives, and Col. White, the representative of North-Carolina. There must be some tribunal to check agents in such extraordinary powers as you assume, or all contracts will be rendered valueless.

Should you accept the tribunal of justice indicated, I shall ask you to submit to them all your correspondence with Governor Vance, my orders for supplies, and all alteration in prices from my original orders caused by you. If you do not comply with this reasonable proposal, on you must rest the responsibility of compelling me to resort to legal proceedings to enforce my just rights and those of the State, not against the State or the Governor, but against the agent who is sacrificing them all to motives which you best know. The case is very simple. I have my contract. Your function was to approve the goods, endorse and deliver the naval store bonds. A large proportion of the goods have been purchased, approved, and forwarded. I can complete the purchase and delivery, provided you do not wrongfully and illegally withhold from me the bonds. In order to expedite the commencement of the purchases, and at the same time not to interfere with the operations of the cotton bonds, both of the State and Confederacy, we obtained the necessary credit by a deposit of the bonds, and I held back from claiming the bonds, and availing myself directly of them, in order not to interfere with the market of the cotton bonds, nor to disturb the promise we had agreed in making, that they should not be put on the market until the completion of the operation of the cotton bonds. Should you agree to deliver the bonds upon this reasonable and rightful demand, on deposit of the money, I shall place the bonds in an unquestionable banking-house, which will hold them and deal with them in a manner honorable and beneficial to the credit of the State. I could have

done this long ago if it had not been for the desire in which we both shared, that the highest attainable price should be realized for them, and for the restrictions imposed by you, and consented to by me, in regard to their being for a time withheld from the market. I claim nothing more than is just and reasonable, in accordance with my contract and with your plain duty in regard to it. Nor shall I, by submitting to your unwarrantable usurpation now and here, transfer my rights into a future claim for damages against the State.

Without detriment to the State, I believe I can enforce at once my just and legal rights, and if I am compelled to resort to the necessary means for that purpose, it is exclusively upon you that must rest the entire responsibility. Unless I receive a satisfactory answer to-morrow, I shall hand the affair over to a lawyer.

Respectfully,

G. N. SANDERS.

To this letter the following was the reply received from Col. McRae:—

22A, AUSTIN FRIARS,
LONDON, *July 8th*, 1863.

SIR,

I reply to the business part of your note only, not even intending to correct errors of facts.

I decline any reference proposed by you, because, as agent of the State, I feel bound to respect the Governor's instructions as I understand them.

But I have taken counsel of my friends, Com. Maury, Mr. De Leon, and Mr. White, who all concur with me that the Governor's letter is too plain for doubt or question. I shall consult Mr. Mason merely to have the sanction of his opinion. I shall transmit your correspondence to the Governor by the first mail, together with a statement of my action, and this letter closes our correspondence. I will neither read any other communication from you, nor reply to it.

In the mean time I hold the personal portions of your letters in reservation, not meaning to debar myself from future action when I can take proper advice at a proper time.

(Signed)

D. K. McRAE.

Upon the absurdity of the position here taken by McRae, that he would not read or reply to any communications from me, I need not remark. To refuse a reference to such high authorities as I proposed, and at the same time to refuse all discussion of the subject with myself, was plainly the poor but sole resource of conscious weakness and conscious guilt.

At the same time he attempts to bolster his case with the authority of the alleged approval of three gentlemen named by him. I did not choose to leave Mr. White (an agent of North Carolina) in ignorance of the true merits of the controversy. I found, as I expected, that he had never been fully informed of its merits; that Col. McRae had not submitted to him a copy of my contract or of my letters on the subject. I also ascertained that Mr. De Leon gave no opinion beyond that Col. McRae being only an agent must obey instructions of the Governor, without venturing an opinion as to the character of the instructions; he also volunteered the opinion to Col. McRae that Gov. Vance had no power to nullify the contract, and no right to prevent its faithful execution. I have not spoken to Commander Maury on the subject. I have sufficient grounds for feeling satis-

fied that Mr. Mason has never expressed any opinion on the merits of the controversy, and that they have never been made known to him before the printing of this narrative, of which one of my first acts will be to trouble him with a copy.

When thus cut off from communication with Col. McRae, I then addressed the following letter to Col. White:—

44, DENBIGH STREET, PIMLICO,
9th July, 1863.

COL. WHITE,

DEAR SIR,

I have a controversy with Col. McRae, in which the State of North Carolina has an interest. In a letter of yesterday I made him the following proposal: "I do not wish arbitrarily to oppose my opinion to that of the agent for North Carolina, and I am therefore willing to leave it to Mr. Mason, our representative here, who cannot be accused of any personal partiality for myself; but in his Roman integrity and honor I have every confidence, and he can associate with him, if you desire it, Col. Lamar, another of our representatives, and Col. White, the representative of North Carolina." * * * "Should you accept the tribunal of justice indicated, I shall ask you to submit to them all your correspondence with Gov. Vance, &c." He fears to submit to this reference, and declines; yet he attempts to get up some sort of support from these gentlemen upon an *ex parte* statement of his own. He says, "I have taken counsel of my friends Com. Maury, Mr. De Leon and Mr. White, who all concur with me that the Governor's letter is too plain for doubt or question. I shall also consult Mr. Mason, merely to have the sanction of his opinion." It is evident Col. McRae means to use the sanction of your name to sustain him at home. I ask you not to allow your name to be employed until you know all I have to say upon the subject. You may have acquiesced in Col. McRae's opinion of Gov. Vance's letter unaccompanied with the true explanation of the real circumstances; but whatever casual opinion you may have expressed upon his statements, having confidence in your integrity and exact justice, I stand by my proposal that you may be one of the judges. My offer to refer to Mr. Mason, a ground on which he dare not meet me, is an evidence that Col. McRae has no confidence in his own position, while mine is perfect. I feel that Col. McRae is acting from the worst of motives, which he cloaks with the pretence of obeying "instructions" from the Governor. Yet if those were "instructions," being of the date of the 12th of March, he must have had them for weeks before he pretended to find any such meaning in them. He either ought to have acted upon them long before he did, or he had no right, and knew he had none, to do what he afterwards undertook to do. As you are the representative for North Carolina in London, I am anxious to lay the whole affair before you, not to elicit an opinion, but in order that, whatever action you may think proper to take, you may act understandingly. But few of the vital points appear on the surface of the correspondence.

Respectfully,

GEO. N. SANDERS.

And on the 10th and 12th of July, I wrote the two following letters to Mr. White:—

44, DENBIGH STREET, PIMLICO,
10th July, 1863.

COL. WHITE,
DEAR SIR,

Mr. Stringer has shown me Col. McRae's note, in which I find that he now recedes from the position he took at the outset of my controversy with him, and he no longer pretends to "rescind my contract." I am glad, for the credit of the State and of Governor Vance, who might have been compromised by Colonel McRae's unwarranted use of his name, that he has returned to his senses on this point. I now, therefore, call upon him to account for the money received by him from you, which money, according to the arrangement made at the outset, was received by him on the deposit of the Naval Store Bonds. The amount thus obtained from you was £47,500. I gave orders on samples furnished and approved by Colonel McRae, the articles superior and prices full. He being the inspecting officer for the contract and the arrangements for shipment made by him, consented to by me with Messrs. Collie and Co., I left with him the further details of the delivery and payment, the money having been placed to his credit for that purpose. Perhaps I may have acted with some degree of imprudence in thus leaving my business too much in his hands. But as we have had some private differences, foreign to business (in which I have nothing to reproach myself with,) I did not find it agreeable to associate much with him; and, inasmuch as he had to inspect, I was willing to leave him to carry out the details, after I had given the orders and arranged the scale of prices on just and liberal terms. But as the purchases were made under my contract, he is now bound to account to me for the same; and, since I understand that he is about to leave England next week, I call for his account, and for him to deposit with you whatever sum has remained to his credit after the payment of the bills for goods bought under my order. I call for the production of my orders, for the vouchers for the payments made by him, and for the balance of the money received by him to be deposited with you on account of the Naval Store Bonds. I do not address him directly, because he has written to me that he would not read nor reply to anything I should write to him, notwithstanding that these important business affairs, involving the interest and credit of the State, as well as our own, remained unsettled. You are involved because you advanced the money which was placed to his credit, and you did so on deposit of the Naval Store Bonds, and for the benefit of the State. Your action was patriotic and praiseworthy. These are my reasons for troubling you to be my intermediary for conveying this demand for settlement, account and vouchers, upon Col. McRae. I do not want to impose unpleasant duty on you, but it becomes necessary, and I do not want Col. McRae to be surprised by such action as I may find it necessary to take. I have taken legal advice, and for the credit of our country, dearer to no man than to me, I make this communication. He has twice refused to refer everything to Mr. Mason, either singly or with the aid of Col. Lamar and yourself. I cannot allow him to leave London without this settlement. No man has a right to receive such large sums of money and to go off without accounting. His referring me to future claims upon the State is ridiculous in regard to me and very unpatriotic as regards the State. Let him account and settle now and here, and if there is any disagreement, let it be decided by such eminent authorities as I have named.

Very respectfully,

GEO. N. SANDERS.

44, DENBIGH STREET, PIMLICO, 12th July, 1863.

COL. WHITE,

DEAR SIR,

If Col. McRae had any real doubts about our ability to refund the money to you that you had advanced on the naval store bonds, he ought not to have taken the money. (We had then been here several weeks, quite long enough for him to have formed a correct opinion as to the cash value of the naval store bonds.) Even after he had received the money, and in the course of its expenditure, if anything had arisen to cause him to doubt our ability to place the naval store bonds, he should at that moment have stopped all further expenditure and have handed over to you the balance of the money. I, as contractor, certainly would not have authorized the expenditure of the money advanced by you had I entertained any doubts as to my ability to refund it.

The fact is, Col. McRae never had any doubts, nor has he any now. I never had any doubts. It was only a question as to the rate above par at which the bonds should be sold.

His asseverations place me in the position of having been used by him to obtain from you £47,500 to be used at will by himself, thus depriving the financial representative of the State, yourself, of the power to meet its requisitions. The Governor could not have anticipated our having taken permanently from you so much of your ready means. I protest that I have not been a party in thought or deed to any such transaction. Myself and friends labored for weeks with practical efficiency to establish the value of North Carolina bonds for her staple productions to place funds in your hands. And it shall be no fault of mine in every pound that you have advanced on the naval store bonds is not refunded in time to enable you fully to meet the demands and just expectations of your State. Gov. Vance's letter of the 12th March, not only approves in advance everything material that has been done, but gives you unquestionably full power to act in reference to my contract in event of the special agent leaving the country. It is just to myself and not inappropriate to say, I feel, that my position as contractor is at least of equal responsibility with that of the agent, and that it was a not unmerited compliment from Governor Vance, with whom I had but slight acquaintance, that he recognized my enterprise as having originated the idea of utilising the staples of the State to give succor to the country.

With such a faithful representative as I believe you to be, I am confident I could settle the whole affair in ten minutes, and for the highest and best interest of the State. With that view, I think that a speedy interview is necessary and proper, and I will be at home this evening after 8, and from 9 till 10½ a. m. to-morrow, and if any other time and place to-morrow will be more convenient, I will meet your appointment.

Very respectfully,

GEO. N. SANDERS.

In reference to the above letters of mine to Col. White, I may remark that his replies to me were oral, with the exception of the following:—

11, KING STREET, ST. JAMES,
Monday Morning, July 13th, 1863.

GEO. N. SANDERS, ESQ.,

DEAR SIR,

I did not receive your note of yesterday's date until late last night; consequently could not reply until this morning.

I very much regret that any difficulty or misunderstanding should have occurred between Col. McRae and yourself in regard to the business connected with the State of North Carolina. I consider it, however, a matter entirely between Col. McRae and yourself, in which I am not in any way involved. I am here only as an agent or commissioner for the State for a specific purpose, and not, as you suppose, the representative or financial agent. The advancement made to Col. McRae by Messrs. Collie & Co., upon my order, was made to him alone, as the agreement drawn up between us will show. The sum drawn by him upon that order has been arranged between them, and the amount replaced to my credit with Messrs. C. & Co.

I consider, therefore, that I have nothing further to do with the Naval Store Bonds.

I shall be engaged this morning, which prevents my seeing you at your room. I may call in some time during the day at Mr. Stringer's office, but at present cannot say at what hour.

I am, yours very respectfully,

JN.O. WHITE.

He thus informed me that McRae had refunded to him the money which he had advanced on the deposit of the Naval Store Bonds, and that he did not wish to be mixed up in the controversy, with which he had nothing further to do.

The only other letter I have occasion to quote is the following, written by Col. McRae to Mr. Stringer, who, it seems, vainly endeavored to obtain his assent to my reiterated offers of reference to Mr. Mason singly, or jointly with Col. Lamar and Col. White :—

Copy of a Letter from Colonel McRae to E. P. Stringer, Esq.

22A, AUSTIN FRIARS, London, July 10th, 1863.

MY DEAR SIR,

In reply to yours of yesterday, I decline to refer the matter alluded to to any one. As the agent of the State, having no doubt of the intentions of the Governor, I must act upon my own judgment. Again, if I were to refer it and the referee decided wrong, I would have no protection; while, if I err, Mr. S. has a remedy by application to the State. I do not assume to annul Mr. S.'s contract as he supposes, nor to sit in judgment upon his claim on the State. But being ordered by the Governor to disconnect my agency from his contract, this I am obliged to do. This you will please state to Mr. S. is my position, and please retain this letter.

Yours truly,

D. K. McRAE.

For my fruitless efforts to obtain from Messrs. Collie & Co. a copy of my orders, with prices and samples annexed, I refer to my correspondence with them, which, in chronological order, would properly come in at this place, but which has been above given at page 20.

I have since learned that McRae had "sold" the bonds to a Manchester house—Messrs. Sichel, Alexander & Co. The terms and circumstances of that fraudulent pretended sale I cannot state. He must have received at least the face of the bonds, since he withdrew them from Col. White, who had advanced upon them the amount of their face, about £47,500, which amount was refunded to Col. White. I presume the negotiation to have been pending during our negotiation with Mr. Wier, which was frustrated

by Col. McRae, as above related. What amount of money Col. McRae has managed to pocket between the bonds and the purchases of goods with the money, I have not at present access to the means of knowing.

I have learned through a reliable source, that Sichel, Alexander & Co. promptly resold at the price of six shillings a barrel or \$1 50c. I may here remark (in reference to McRae's insolent fling, that I had no credit nor means of action), that this same house of Sichel, Alexander & Co., were my sole endorsers for a proposal made a short time since, and now before the Confederate Government for two millions of dollars in value in English goods. I will not speak of my friendly and favorable relations with banking and commercial houses I could name of the highest standing in London; I will only remark that Col. McRae was perfectly familiar with my steam-ship contract, involving millions, into which I had been able to bring in some of the first houses of England and Scotland.

It remains for me to add that after Col. McRae had defeated the negotiation with A. M. Weir and Co., by his absurd opinion, I opened negotiations with Lane, Hankey & Co., a house of as good standing as any in London. I found this house not only willing but anxious to take hold of the Naval Store Bonds; and the correspondence will show how persistently Col. McRae has refused to allow me any access to the Bonds, even on such offers as I pressed upon him, both directly and through Col. White, both to put up all the money, and to put the bonds in the hands of a first-rate banking house.

I also consulted the best legal advice, and ascertained that I could by process of law compel their delivery to me. But though often on the point of being driven by exasperation and my duty to myself and my family to that course, I have as yet refrained from it, partly from my extreme reluctance to bring upon our country the discredit of such a public exposure of the conduct of a Southern agent (the one solitary one known to me as having rivalled the notorious corrupt practices of the Yankees in these transactions,) and in part because the efforts of friends have from time to time led me to hope for such tolerable private adjustments as might save me from the painful necessity of resorting to such measures in the courts of a foreign land, and that land England. I have, however, incurred heavy expenses in these initial steps, consultations, the preparation of papers, &c., and at this moment have a Bill in Chancery ready for service. Meanwhile, I have served the following notices:—

CAUTION! NOTICE.

[Sent in writing to some half dozen houses.]

The public are cautioned against receiving or dealing in certain Naval Store Bonds, signed by the Governor of North-Carolina, numbering from 1 to 228, for \$1,000 each, such bonds having been created for and as a part and parcel of a contract given me by the State of North-Carolina, but which have been issued by one D. K. McRae without my authority. The bonds will not be recognized by the State of North-Carolina without my endorsement.

For further information apply to the undersigned.

Respectfully,

GEO. N. SANDERS.

4, Denbigh Street,
15th. July, 1863.

LETTER TO MESSRS. COLLIE.

SIRS,

I gave you notice on the 14th that I would hold you personally responsible for all merchandise and materials of war on the high seas, at Nassau, or Bermuda, that you might hold on account of Col. D. K. McRae, and not to deliver such merchandize or materials unless by my order. I did this for the purpose of preventing the delivery of such goods to private agents or private goods to government agents on said McRae's account. I am anxious to facilitate the transportation of all values really belonging to the State of North-Carolina that may be on the high seas, at Nassau, or at Bermuda; and I therefore authorise you to hold and deliver any such goods to the order of Governor Vance only, to whom I give full advices by the steamer from Bristol.

Very respectfully,

GEO. N. SANDERS.

No. 8, AUSTIN FRIARS,

16th July.

To MESSRS. COLLIE and Co.

LETTER TO MR. SICHELL.

8, AUSTIN FRIARS,
17th July, 1863.

SIR,

I have given your house warning not to deal in certain Naval Store Bonds improperly used by one D. K. McRae. I have written the Governor of North-Carolina that I have given English capitalists and the parties supposed to be negotiating the sales for Col. McRae such notice as to forever preclude any claim upon the State beyond the actual cash the parties may have advanced. I address this note to you individually that you may protect your house before it is too late. The agent can now be made to refund the money, and do justice to North-Carolina and all concerned. I pledge myself to contest the payment of these bonds before the Executive, Legislative, and Judicial tribunals of North-Carolina. Not an ounce of rosin or a gallon of turpentine shall be paid on any of these bonds without my endorsement. Gov. Vance has sold me this rosin and turpentine, and these certificates were only given that I might distribute the amounts in small quantities and in a mercantile transferable form. I am now furnishing the data for a Bill in Chancery. I am sure that no honorable English merchant would touch these bonds as offered by Col. McRae with a knowledge of all the facts. I shall be at home, 44, Denbigh Street, Pimlico, this evening and to-morrow morning, and if you continue to act in ignorance it shall be no fault of mine.

Very respectfully,

GEORGE N. SANDERS.

To J. Sichel, Esq.

Having thus set forth the narration of the facts, illustrated by the correspondence, I now proceed to make upon the same some of the observations they call for at my hands. Others I reserve for a future occasion.

Gov. Vance, acting under the knowledge that I would throw no obstacles in the way of any alteration he might desire, in his letter to Col. McRae of the 12th of March asks for a change of articles to be purchased in the following language:—"Circumstances occurring since your departure render it unnecessary to purchase the number of arms originally contemplated. I think one-fourth (say 2,500) will be sufficient investment at present." The moment this wish of Gov. Vance was made known to me I willingly assented, although I had at the time a letter of credit from Messrs. Collie & Co. for six thousand pounds to purchase the arms. I also made no objections to the articles Gov. Vance desired to be purchased in the place of arms, although they were not mentioned in the contract. My wish and action throughout has been to purchase only the things most needed by the State, without any reference to the contract or to my own interest.

Six or seven weeks after the reception of the 12th March letter, Col. McRae pretends to twist it into an order to nullify my contract; that is to say, when he wanted a colorable means of effecting his object (that of getting all its profits out of my hands,) he picks that up as an available one. Yet it is evident the Governor as little meant anything of the kind as he was permitted, either by good faith and by law, to do anything of the kind. The Governor merely indicates modifications in the articles needed by the State; thus, indeed, indirectly confirming the contract in reference to which he wrote. Somebody or other indeed (whether prompted by McRae or not I have no means of knowing) had alarmed the Governor with the idea that I might discredit the State by "*hawking*" its bonds through Europe. When the Governor reads the proofs above given of the extreme and patriotic care with which I had abstained from doing anything of the kind, I am sure he will be the first to regret having been led to express or to entertain any such idea. The Governor wrote that letter evidently under the apprehension that we could not carry out the contract, and he merely pointed out another line of action for that contingency. And yet this is the letter which McRae pretends to regard as so peremptory and unequivocal that he will not even refer our controversy to Mr. Mason, Col. Lamar, and Mr. White, for fear of an adverse decision.

McRae pretends that the Governor had disavowed the modifications he had consented to make in my contract. This is wholly untrue, on the face of the Governor's letter. The Governor merely reduces the quantity of guns wanted. If, indeed, we had carried out the purchase of the 5,000 Enfields with Mr. Goetz (as prompted by McRae) it would have been at variance with the Governor's wishes as subsequently conveyed, but fortunately not more than 1,200 had been bought. What we had done in regard to clothing, &c., in lieu of arms, and to transportation, the Governor, so far as he alludes to the "modifications," absolutely advises what we had anticipated. The only other "modification," that of common resin being inserted in the bonds instead of clarified rosin or spirits of turpentine, is an immaterial point, and clearly for the benefit of the State. It was agreed upon between us as being the best for the English market as well as for the State, and is not at all affected by the Governor's letter.

It is clear that my right to the naval store scrip *had fully accrued*.—The money upon it had been obtained on the hypothecation of the bonds. We had had an offer for them at par, which I did not accept, because they were worth much more, and I knew I could do much better with them.—The money was advanced upon them by Mr. White (that is to say, it was credited to McRae with Collie & Co.), on our promise to hold them back

from the open market. It is clear that I was at any time entitled to receive the scrip on simply reimbursing the money for which they stood deposited. The whole transaction has been under my contract, and in fulfilment of it. Col. McRae had no more right to sell them to anybody else than he would have had a right to sell my watch if it should have happened to be in his pocket. His practical control over the bonds, through his endorsement required for their verification, would indeed have given the power of preventing me from "hawking" them, if he had not known fully that I neither had done, was doing, nor would do anything of the kind. But his sale of my scrip was a manifest fraud upon the parties (Sichell, Alexander & Co.) as well as against me. So much the worse for those gentlemen, who have been taken in through want of proper precaution in investigating his right to sell, and for those more innocent parties to whom they have resold. I served ample notice upon them so soon as I learned that they had anything to do with the business. McRae had not at that time disappeared from London. Their position may be an unfortunate one, but if it is their misfortune it is partly also their fault. At any rate the naval stores represented by the bonds are mine, by title both prior and superior. The question of any equitable title on their part to reimbursement of the money they have had the imprudence to part with under such circumstances will rest between them, McRae, and North-Carolina. I wish them well out of their scrape, but I must firmly protest against any claim on their part to my property fraudulently sold to them by an agent who merely happened to hold in his hands, for verification by his endorsement, the papers representing the property; in regard to which, his own letter to me (see page 16 above), expressly says: "These bonds are based on a sale of spirits of turpentine and rosin: the whole stock is in the hands of the Governor, and *will only come through you.*"

McRae says that he was only lately able to get a copy of my contract, or to see it. It is wholly untrue that he had not seen it. He has repeatedly seen it and read it, and was perfectly acquainted with it. As for his having a copy of it, I will add that although he tried to make a copy at Raleigh, I had for some time felt that he had not unselfish patriotism enough to appreciate its character, and finally I find that he only wanted to get hold of a copy to seen by what tricks in the laws he might advantage himself by it. He never, for a moment, aspired to get hold of this contract to see what he could do to have it patriotically and generously executed.

The sum and substance of it is, that Col. McRae has wanted to make a fortune for himself out of my contract, by taking it out of my hands into his own, executing this object by a fraudulent sale of which really belonged to me by title derived from the Governor.

A great deal of money could be made out of it by a corrupt man in two modes; first, in the operation of purchasing goods to the amount of about £47,500 and secondly, in the sale of the Naval Store Bonds, which bonds represented about 228,000 barrels of common rosin at \$1 a barrel.

To me, the author of the conception and of the operation, it was a legitimate profit to make what I fairly could upon the bonds, giving the State credit according to my contract for their full face, and selling them for such price as I should be able to obtain; this being an operation mutually beneficial at the time to the State, to the Confederacy, and to myself.—And to me alone they belonged under the contract, in regard to which he was a mere inspecting officer to approve the goods purchased, and clerk to endorse and deliver the bonds in Europe, as a means of keeping them safe

from capture in transit. The price I asked for them, with Col. McRae's approval and concurrence, was at the rate of \$2 a barrel, or 100 per cent. on the face of the bonds. In the negotiation about them with Mr. Weir, Col. McRae told that gentleman that he had been offered the price of \$1.50 per barrel. At what real price he has sold them to Sichell, Alexander & Co., of Manchester, is known only to the confidential privacy of his dealings with them. I have no faith in any statement of their having been placed at \$1 a barrel, their mere face, when he had shortly before united with me in wanting \$2, and stated that he had had an offer of \$1.50. One dollar a barrel of profit on these bonds represents \$228,000, and smaller rates of profit in proportion. His whole conduct in this business justifies me in suspecting the worst in regard to this part of the operation. I only know that Sichell, Alexander & Co., promptly resold them (whether the whole or only a large part I cannot say) to other parties at six shillings a barrel, that is to say, at \$1.50. The immediate profit on them at that rate would be about \$114,000. Whether McRae shared in that profit or not, he and they know, and alone can ever have the means of knowing. His whole conduct in the business, and the greed for money which he manifested to me in all the course of our joint action, (after having first exhibited the first proof of it in his wanting to come abroad on a money-making job at a time when his country needed at home the services of every military man,) impresses my mind, at least, with the fullest belief that it was not without a share in profits that he sold for \$1 that which could be and was immediately resold at \$1.50.

I call attention to the proof furnished by such re-sales, of the market which was at all times at my command, and which I had ample means of reaching. If I did not take advantage of it, I have shown how I was at first restrained on purely patriotic grounds, and through the pledge given to Mr. White, and afterwards by the manner in which McRae kept me out of the bonds, notwithstanding my repeated offers to reimburse the money for which they had been deposited with Mr. White.

That Col. McRae was dissatisfied with my having agreed to allow the State the prices agreed to by me, and that he said *he* could have got them from the Governor at a half those rates, I not only myself declare, but can prove, if he should dare to deny it. What business had the salaried officer and agent of the State to make it a matter of reproach and regret that a bargain had been made with the State twice as favourable to the State as *he* could have obtained?

What profits, open or concealed, he may have made upon the purchases of nearly a quarter of a million of goods, the acceptance of which, in reference to quality and price, was dependent solely on his approval, I can have no means of doing more than guess. In such purchases as I made before I yielded to his request that I should give the order for the further purchases to be made by Messrs. Collie & Co., he intervened and participated actively, acting indeed jointly with me. His letter to me of April 23rd, written after we had ascertained that it was impossible to get first-rate Enfield rifles at less than 36s., in which he tells me to buy the inferior articles procurable at 32s., and smooth bore markets at 20s., a suggestion with which I would not comply because I would not put inferior articles into the hands of our brave soldiers at home, is there to speak for itself; and to suggest the inferences which it is needless for me to draw. And in this connection I call attention to the manner in which his agents, Collie and Co., have refused to give me a copy of my order to them to purchase, an order signed by me and with prices and samples attached. They at first

evade my demand for it, and when they at last have to admit their possession of it, they claim still to withhold it on the plea that they had received it from Col. McRae, and could not give it up to me without his consent.— Yet, although it may have been conveyed to them through him, yet it was my order, bore my name, and they knew it to be under my contract.— And they even, some time after receiving it from me, suggested to me to raise its general scale of prices by a considerable additional per centage (see my letter to them of July 22nd page 22, in which I allude to this circumstance, an allusion not disputed by them in their reply). A true copy was all that I called for, and I cannot but regard with grave suspicion this withholding it from me, evidently by Col. McRae's direction. They cover their refusal with Col. McRae's responsibility; but the poverty of that excuse is apparent from their letter of credit to me, 28th April, (page 25), in which they fully recognise me as the contractor and true purchaser, saying, not that Col. McRae, or that North-Carolina, but that "*the bearer, Mr. Geo. Sanders, wishes about £6,000 value of arms,*" &c. I call the particular attention of Gov. Vance to this point, and trust he will not fail to require my original order with its scale of prices and samples, with a view to comparison with the articles and accounts that may be furnished to him by those who have, with preposterous impudence, thus managed to supplant me in the execution of my own contract, and thereupon to sell the bonds which belonged to me, subject only to the lien for which they were deposited. A very little easy management would have enabled Col. McRae to make a very respectable fortune out of these purchases, alone, exclusive of any secret profits on the sale of the bonds; and his whole conduct in the affair justifies me in entertaining and expressing the worst suspicions in regard to his motives. Why refuse me a mere copy of my order and prices? And why refuse my repeated demands for a reference of the whole affair to Mr. Mason either singly or in conjunction with Col. Lamar and Mr. White, the agent of North-Carolina, who on the spot could easily have thrown full light on all its dark and suspicious recesses?

I beg to call Gov. Vance's particular attention to this point, that I, the *contractor*, sought and insisted upon, and that the *agent* of the State shrank from such investigation; an investigation to be made here and now, with access to all those sources of evidence which, in North Carolina and hereafter, will be inaccessible. Of what is this a proof, I repeat, but of conscious weakness and conscious guilt? On this single point I stand impregnable, far above the reach of any possible imputation; Col. McRae, without a rag of excuse.

I agree with Col. McRae in one thing, that the Governor's letter of March 12th is too plain for doubt or question, but it is all in my favor. I have already shown that it clearly anticipated our action and unquestionably approved in advance every thing material that we had done. All other communications which he must have received from the Governor, he has carefully kept from my knowledge. In reference to the submission demanded by me to Mr. Mason, Col. Lamar and Mr. White, or Mr. Mason, singly, I called for their production, as also for all his transactions with Collie & Co., in reference to the purchase of goods under my contract, and his negotiations on the bonds with Sichel, Alexander & Co., and others in Manchester and Liverpool. It was undoubtedly in part to evade the necessity for the production of all this, and the sifting to which I should have subjected the whole business, from top to bottom, inside and out, that he not only shrank from the proposed reference to those gentlemen, but also took refuge in an absurd refusal to read or answer any fur-

ther communications from me. I know that at an early day, on my prompting, he applied to the Governor for enlarged orders, in pursuance of what the Governor had promised me at Raleigh. Whatever he may have received could have had reference only to my contract, and have been designed to give further facilities and means towards its execution. If on this point of the case I am compelled to write in the dark, the fault is with the treacherous agent who, sent to co-operate with me, but corrupted by the opportunity of money in hand, and encouraged by the facilities derived from my too easy and generous confidence, has not been able to withstand the temptation of making a fraudulent fortune by attempting to supersede me.

Once in possession of Mr. White's money, he seemed to have resolved to make all the money possible from the cash on hand, by buying cheap and selling high to the State; and when he found out by repeated efforts that I would not lend myself to this mode of making money, I looking to the advance on the Naval Stores as the legitimate means for my chief expected profits, he in a last desperate resort seizes upon Gov. Vance's letter of the 12th of March, as a pretext to throw me overboard.

The pretext that he was bound to obey peremptory instructions from the Governor, and that he could not subordinate them to any decision that should be made by Mr. Mason, Col. Lamar, and Mr. White, is absurd. In the first place, if he had really had any such instructions, they would have had their full force and weight with those eminent gentlemen—who were certainly without any bias in my favor. In the second place, they would have constituted no valid reason against such an investigation as I challenged, because, while an adverse result would have been decisive and fatal as against me, yet if they had decided in my favor, it would still have been competent for him, in the event of a decision plainly in conflict with any "instructions" he could exhibit from the Governor, to give the preference to the later, with statement of his reasons therefor. In the third place, the very letter from the Governor, of 12th March, containing the pretended "instructions" on which he rested the defence of his course, refers him distinctly to Mr. Mason as the highest Confederate authority here, of course in possession of the perfect confidence of the Governor, as of everybody excepting apparently Col. McRae. In the fourth place, it was Col. McRae's manifest duty to prefer a private investigation and arbitrament of a dispute of this nature before so eminent a tribunal, rather than to expose the State, our country, and our common cause, to the evil scandal of such a case before the British courts of law. And again, while that course of refusing such arbitrament might be reasonably expected from a *contractor*, anxious for his profits, secure in his hold upon them, and confident in his strict legal rights; yet, is that the course for a public officer and agent of the State, presumed to be acting disinterestedly and honestly, and bound to protect not only his own character and conduct from suspicion, but the honor of the State and the credit of the country? Is it not rather the course to be expected from a corrupt agent, shrinking from investigation at the time and on the spot of the transactions—determined not to disgorge an ill-gotten fortune, believed to have been secured by him—and preferring to take the chances of the future in the midst of all the uncertainties and confusion of a civil war?

In this connection I call attention to the fact that Col. McRae has here created, wantonly and needlessly, a very large claim in my favor against the State, and coolly refers me to the State for its satisfaction! Is this the part of an honest public officer? He has sold to other parties the Na-

val Stores, as represented by the bonds, which by my contract belong to me. Of course I shall have a valid claim upon the State for those stores themselves at any time within six months after peace, or to their then market value, *minus* the cash cost of the goods supplied under my contract, after deduction of my commission on their purchase. This claim must represent a very large sum of money; and here we have an agent coolly creating this claim in my hands against the State, when the simple arbitrament of all in dispute, as proposed by me, would have obviated and prevented it all in advance! How strong must have been the force of the private motives which alone point to any possible explanation of a course so unprecedented and so incomprehensible!

The only escape from this argument lies in his knowledge that the State will not recognize the bonds for those same Naval Stores in the hands of the parties to whom they have been, with fraudulent usurpation, sold over again by Col. McRae. I leave him to choose between the two horns of his dilemma, and to say which of the two, the State or his purchaser, has been, jointly with me, the victim of a fraud on his part.

I again repeat that the only authorization Col. McRae has ever made known to me as pretending to justify his attempt to throw me out of my own contract, is Gov. Vance's letter of March 12th. Even this he did not communicate to me at the time when in so summary and high-handed a manner he undertook to notify me that he *cancelled my contract*! If I answered that treacherous and ungrateful insolence with some violence, who can wonder? He thereupon at last sent me a copy of the Governor's long concealed letter of March 12th, and I allowed myself to be then prevailed upon to withdraw what had been personally offensive in my said reply. To this I was persuaded by Mr. Stringer, who represented to me that the personal issue thus created was the only obstacle to some amicable adjustment of a business affair too important, for the public as well as for my own interests and rights, to justify me in allowing my personal indignation to prevent arrangement. I did not at the moment apprehend the fact, which became afterwards evident, that he must have had that letter, now twisted into such a perversion, for *six or seven weeks in his possession*, throughout which time he had treacherously withheld from me the slightest hint of anything of the kind. Nor did I know that he had been privately selling my Naval Stores behind my back. Nor could I imagine he would dare to withhold from me a copy of my order to Collie & Co., given at his request, with its prices and samples. Nor that by ensconcing himself behind the inaccessible position of refusing to read or answer any communications from me, he would assume the convenient character of a deaf-mute, inaccessible to any force of reason, truth and justice. Least of all could I suppose he would dare to shrink from that reference of the whole matter to Messrs. Mason, Lamar and White, or any of them, which I was ready to offer if Mr. Stringer's proffered endeavors of intermediation should fail to effect some such adjustment as should obviate recourse to the scandal of an English suit-at-law. He knew me, and my zealous and disinterested patriotism, well enough to know that whatever I might angrily threaten I would never, in truth, arrest the egress of my supplies bound homewards, whatever the circumstances of fraud and wrong as against me. A complicated English law suit, too, he probably feared but little, even had he not known that strong motives of patriotism would make me long hesitate in proceeding in that way against a public agent of one of the Confederate States, at such a moment as the present. Nevertheless, I happen to know that on last Monday *he left London*, after

his friend Mr. Sichel had had on the preceding Friday sight of a draft of my bill in Chancery against him, ready for service, if such should be my determination. It has been given out that he had gone to Scotland. Whether that be true or not I do not know. I shall not be surprised to hear of his having embarked by the steamer of to-morrow, either at Liverpool or at Queenstown. I might, indeed, in that case, avert his departure by a *ne exeat*, but the same motives of patriotism which have hitherte restrained me, extreme as has been my provocation, from bringing up before an English court the one solitary Southern agent who has borrowed a leaf from the book of the Yankee functionaries similarly employed, restrains me still; and I let him, in that event, go home, in a manner which I cannot easily distinguish from absconding, to the justice of Gov. Vance and the people of North-Carolina, to whom these pages are respectfully submitted. If he has not indeed thus absconded, but is merely keeping out of the way of legal process at my hands, he shall receive an early copy of this as yet unfinished Narrative.

GEO. N. SANDERS.

LONDON,
44, DENBIGH ST., PIMLICO,
August 7, 1863.

APPENDIX

To the Life and Times of Duncan K. McRae, by Geo. N. Sanders, Esq., with his Letter of Resignation as Colonel of the 5th North-Carolina Troops, &c., &c., &c.

The frequent allusions made to my name, my acts and my motives in a certain public journal, conducted by a brace of editors and published in the City of Raleigh, in regard to my opinions and avowed sentiments in relation to the bloody war in which we are now engaged, is my only apology for compiling and issuing an Appendix to the life and times of one of the above mentioned worthies, Duncan K. McRae. As there are two Editors attached to the *Confederate*, I will dispose of the Junior, Mr. Gorman, by simply remarking that he is regarded by the community as a mere cipher placed to the left hand of a figure one, a scapegoat for the sins of the Senior, the illustrious ex-Colonel McRae, of the 5th N. C. Troops, and late assistant State agent to England, under Geo. N. Sanders, Esq., his present biographer. Why my name should be banded about in public print, my acts assailed and my motives impugned by such a man, I leave the public to decide.

I have no retractions to make in any thing I have said or written about this unhappy war, or about authorities either State or Confederate, and if the allegations against the said authorities, which Col. McRae charges me with having made, were placed beside *his* allegations against the same persons, and in whose defence he is now so blatant, they would be but a feather's weight in the balance.

Col. McRae, after having deserted his post in the army under the sanction of a bad law and upon the specious plea of "dignity and self-respect," and having denied his allegiance to the Confederate Government, (as I intend to prove from his letter of resignation,) is the last man on earth to attempt to blacken the reputation of a gentleman. In the e

berance of his prolific brain, the illustrious ex-Colonel has suggested a "Roll of Agitators," and on the list my name appears among many other gentlemen's. Of the association of names I am proud, and as happily the ex-Colonel's name did not appear on that list, in order to accommodate and console him, I would suggest another Roll, with ex-Col. McRae to head it—The Roll of Infamy.

Although the ex-Colonel may play the braggart, and sycophant toward others, he shall not make me the scape-goat for his disloyalty to the Confederate government, and by bawling out thief! thief!! divert attention from himself to others. It is easier for ex-Col. McRae to flight the Yankees on paper than on the battle-field, and no wonder while the winged bullet is flying his "dignity and self-respect" prevent him from fulfilling the demands of his government. I beg the ex-Colonel's pardon, however, it is not *his* government, because he has seceded from the army and repudiated the Confederate government as his letter of resignation will show.

I repeat, the illustrious ex-Colonel is now playing the sycophant to keep out of the way of those hated Yankee bullets, else he would slay as many of them as Samson slew of the Philistines with his favorite weapon, the jaw-bone of an ass. Don't be shocked, Colonel, at the mention of your kindred, and bray before you get ready. Always sight before you shoot, or you might miss your hated Yankees.

The illustrious ex-Colonel seems to have a holy horror of the people's exercising the right to assemble together and petition the Legislature for a redress of grievances. This right, besides being guaranteed to them by the Constitution, His Excellency has confirmed in his proclamation of September 8th, 1863, which places the ex-Colonel and his co-adjutors in an unenviable position. And the idea of passing resolutions, whether written in Johnston or elsewhere, has thrown the Fayetteville *Observer* and the like kidney into a political fit from which I fear nothing can recover them, except a reversion to those first principles which were bequeathed to us by the blood of revolutionary ancestors. Perhaps it might be a refreshing to the *Observer* and *Confederate* to know that

our Chief Magistrate read and endorsed in manuscript the much reviled Johnston County resolutions. I hope the Editors of these journals will not put the Governor's name upon their list of agitators along side with the other endorsers of the resolutions.

I now propose to enter more minutely into the record of ex-Colonel McRae. In doing so I shall freely extract from his letter of resignation to Gov. Vance, which he no doubt considers a precious relict and the crowning act in his history. As I before remarked that he not only deserted his post in the army under the sanction of a bad law allowing officers to resign, but also repudiated the claims of the Confederate government upon his services, let us hear what he says:

"Governor:—I have, this day, tendered to the Adjutant General of the Confederate States, the resignation of my commission received from the Governor of North Carolina as Colonel of the 5th regiment of her State troops.

I am constrained to do so, because consistently with my sense of dignity and self-respect, I can no longer serve the government of the Confederate States."

Indeed Colonel, why "no longer serve the government of the Confederate States?" Were you tried and found wanting? Did your "dignity and self-respect" outweigh your patriotism in your thirst for promotion? Verily, it is so. It was well the Secretary of War and His Excellency, President Davis, did not reward your "dignity and self-respect" with promotion. And as you deserted the service on that account, I suppose the poor deluded men who were shot for desertion near Kinston, were men of "dignity and self-respect" also. Can they not plead your example, Colonel?

You have filed a heavier bill of indictment against the Confederate government than any other man in it. Let the record speak. You say:

"Since that time," (referring to the time you were compelled to see junior officers appointed over you,) "Gen. Garland has made the most favorable mention of my conduct in the field, and Gen. Hill has renewed the recommendation for my promotion. The appointment of Brigadier to this command has just been announced in the person of Col.

Alfred Iverson, of Georgia, who, since his entering on active service last summer, has been my junior in the brigade, and for the last two months under my command. I could not consent that a junior officer in my own command should be promoted to command me, when no allegation is made of my unfitness or unworthiness.

But, severe as is the trespass upon the individual pride of North-Carolina officers who have lately been obliged to submit to the promotion, in several instances, of citizens of other States, to the command of brigades exclusively North-Carolinian, the slur upon the State is broader, and demands the resentment of her sons in the only mode they can manifest it. In the spirit of an earnest protest against this injustice, individual, and to my State, I resign my commission."

You here confess that you resign because you were not promoted, and Col. Alfred Iverson, of Georgia, was. Why here, my dear Colonel, was a splendid opportunity of exhibiting the most exalted patriotism! You say also :

"Severe as is the trespass upon the individual pride of North-Carolina officers, who have lately been obliged to submit to the promotion, in several instances, of citizens of other States to the command of brigades exclusively North-Carolinian, the slur upon the State is broader, and demands the resentment of her sons in the only mode they can manifest."

What sons of North-Carolina, Colonel, whose "dignity and self-respect" prompting them, have resigned? None, save yourself and a few poor privates of Nethercutt's battalion who deserted at Kinston.

How long, Colonel, since you made the discovery that the people of North-Carolina were disloyal, and by whose standard did you judge them? Surely not your own? When I read your letter of resignation to the Governor, I was almost led to the conclusion that you suspected something to be wrong in the Confederate authorities. They had almost stirred up the ire of the State by their unpardonable conduct towards you, who had so manfully stood in defence of the "dignity and self-respect" of her sons. Yes, this veritable, illustrious ex-Colonel charges the Confederate authorities not with injustice to North-Carolina's sons, but with casting upon the good old State herself. The whole tenor of her. Colonel, savors of contempt and hatred for the

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wrong."

How exceeding and condescending to
against whom you threw the weight of your influence when a
candidate for Governor, provided he will not subject you to a
renewal of wrong. That is a sore place in your bosom, Colo-
nel. The President and Secretary of War of the Confederate
States have insulted your "dignity and self-respect," and you
appeal to the Governor of your State to heal the wound and
wipe off the stigma from the aforesaid "dignity and self-
respect."

"In order to be just to myself, I have been obliged to dwell
more upon the subject than my inclinations would prompt."

*You are honestly mistaken, Colonel. Calumny is the chan-
nel in which your nature flows, as your life and the whole
tenor of your furious letter to His Excellency proves. You
have never failed to pour out the vials of your wrath upon
any man or set of men that opposed the bent of your inclin-
tions. You have been an office cormorant throughout life
your record shows, and not content with achieving your
per level, you have aspired to positions for which
neither qualified by nature or education. Your
finish than material in your composition, more
self-respect" than prudence or patriotism

It would seem, however, from recent
confessions, that the illustrious ex-Col
N. C. Troops was all wrong in 1862, a
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who would have expected such a glorious discovery in the middle of the 19th century, by a man as the illustrious ex-Colonel of the 5th regiment N. C. Troops? Surely the days of miracles have returned in the midst of our national troubles, and we shall in future have a Moses or a Joshua to bear the ark of liberty, in the person of the illustrious ex-Colonel.

However painful I am to announce the fact, I am constrained to admit that the record convicts you of a falsehood. I hope you will repent of past sins before you perpetrate others in these perilous times. It is terrible for men to be sporting with the truth on the brink of the grave, Colonel.

I am not a prophet nor the son of a prophet, but I make the prediction, and call upon the Confederate authorities to mark it, that if the illustrious ex-Colonel of the 5th Regiment N. C. Troops is not silenced and put in camp, or sent across the water, our cause will become desperate. He would, were he a true preacher, heathenise the world in his lust for power. Less time than it would take the South to whip the North to establish her independence.

I say in conclusion, that I bespeak a careful perusal by the illustrious ex-Colonel, by Jefferson Davis, President, by J. P. Benjamin, the Secretary of War, and by the Gentiles generally, in the same kind and manner as it is written.

J. T. LEACH.

March 1, 1864.

